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NEWS SUMMARY

GENERAL

Labour law faces test in court

The 1980 Employment Act faces a big test in planned legal action between the London Borough of Wandsworth Council and the local branch of the National and Local Government Officers' Association.

Leaders of the Tory-controlled council plan to sue an officer of the branch and seek an injunction to stop the union from "blacking" nationally companies which tender for a contract to clean the borough's streets.

If a court finds there is a trade dispute, the council is likely to claim Nalgo's threat amounts to secondary action which under the 1980 Act carries no immunity from civil suits. The Nalgo branch refuses to call off the action. Back Page

Unionists held

Two hundred black trade unionists were arrested in the Ciskei, due to become "independent" of South Africa in December, for "singing freedom songs" and other actions. Page 4

CS gas opposed

Devon and Cornwall chief constable John Alderson said he would have to "consider his position" if forced to train his men in using CS gas and plastic bullets.

Meat inquiry

Australia set up a Royal Commission to investigate how horse and kangaroo meat was exported as beef, threatening the country's meat industry. Page 27

Nato exercises

Nato began sea and air manoeuvres involving 19,000 people, 80 ships and 280 aircraft, off the French and Spanish coasts.

Israelis hawkish

Over half of all Israelis favour unlimited settlement of Jews in occupied Arab territories, a move opposed by Palestinians, a poll showed. Page 4

Second strangling

Peter Robertson, 52, was jailed for life in Edinburgh for strangling his second wife, six years after being released from a life sentence for strangling his first wife.

Trade admitted

China publicly admitted that it trades with South Korea through middlemen in Hong Kong. Previous reports of trade links have always been denied.

Smoking hazard

Scottish Mutual launched the first life assurance contract with separate premiums for smokers and non-smokers. Page 9

Copper complaint

Copper producers Zambia and Zaire protested at U.S. plans to replace copper with zinc in its one-cent coins.

No hovercraft

Seaspeed hovercraft from Dover to Boulogne and Calais today have been cancelled because of a French strike. Ferries will run normally.

Hot dog

A police van, with a police dog inside, was stolen from outside a Bath police station. They were later found two miles away.

Briefly . . .

Spain rejected a Soviet warning not to join Nato. Page 2

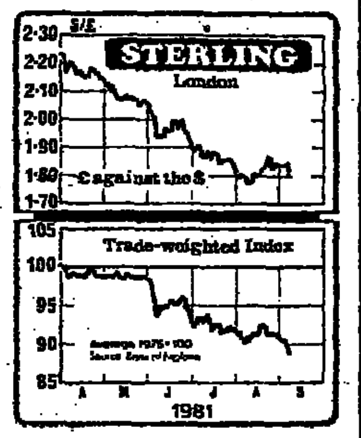
Mairead Corrigan, Northern Irish Nobel Peace Prize winner, wed her brother-in-law.

Finland's Government neared collapse. Page 2

BUSINESS

£ falls on oil revenue fears

● STERLING fell sharply on fears of lower oil revenue, closing 2.25 cents lower at \$1.7955, and easing to DM 4.38



(DM 4.42) and SwFr 3.8 (SwFr 3.83). Its trade-weighted index fell from 89.5 to 88.7, the lowest since November 1979. Page 22

● DOLLAR rose to DM 2.438 (DM 2.429), FFr 5.8425 (FFr 5.805) and Y232.5 (Y230.9). Its trade-weighted index was 111 (110.7). Page 22

● GOLD rose \$1½ in London to \$438½. In New York, the Comex September close was \$432. Page 22: Heartwarmer for bullion bugs, Page 9

● WALL STREET was 15.79 lower at 845.89 near the close. Page 26

● EQUITIES were steady, with the FT 30-share index up 3.4 at 561.3. Page 28

● GILTS were mixed, with the Government Securities Index off 0.02 at 63.88. Page 28

● SEATS on the proposed London gold futures market will cost £55,000 each. Page 27

● U.S. PRESIDENT Ronald Reagan began talks aimed at finalising up to \$75bn (£41.25bn) of new spending cuts. Back Page

● CHINA is likely to accept loans of about \$1.3bn (£684m) from Japan to continue work on several big construction projects. Page 7

● IRAN may face a cash flow crisis in foreign exchange payments because it has failed to close the gap between costs and oil revenues. Page 4

● AUSTRIA faces strict economies in all sectors, Finance Minister Dr Herbert Salcher warned. Page 2

● BNOC shares are expected to be offered next year by the Government to private investors in a bid to raise £750m. Back Page. Cable and Wireless profits up, Page 9 and Lex

● OCCIDENTAL PETROLEUM is seeking to take over Houston-based oil services company Zapata through a \$755m (£420m) share exchange merger Page 23

● UK COMMERCIAL vehicle sales last month were 24,198, down 12.5 per cent from August 1980. Page 9

● LORD MANCROFT was criticised in a Trade Department report on the affairs of once-quoted companies Raybourne Group and Gilgate Holdings. Page 10

● FISHER PRICE TOYS is to expand its factory at Peterlee, Co Durham, creating 400 jobs by 1984. Page 10

● RECKITT AND COLMAN, the diversified international manufacturing organisation, raised pre-tax profits from £22.76m to £29.07m in the six months to July 4. Page 18; Lex, Back Page

● STANDARD CHARTERED BANK raised pre-tax profits from £121.3m to £139.9m for the first half of 1981. Page 21

● IMI, the industrial holding company, reported pre-tax profits down from £17.1m to £10.2m in the first half of 1981. Page 18; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Bowater	255	+ 5
Gaunt (Rowland)	63	+ 41
Linfood	152	+ 9
London United	215	+ 5
Pilkington	325	+ 7
Quick (H. & J.)	49	+ 5
Standard Chartered	660	+ 20
Turner & Newall	92	+ 4
Agle American Gld	£47½	+ 1¼
ACM	34	+ 4
Cons. Gold Fields	532	+ 12
Moonie Oil	200	+ 13
Oil Co. of Australia	25	+ 4
Petrolm Secs. Aust.	315	+ 50
RTZ	540	+ 10
Santos	345	+ 10
Swan Resources	70	+ 10
Western Mining	315	+ 24

FALLS:		
BPB	286	− 6
Dowty	246	− 6
Ferranti	573	− 12
Lead Inds.	170	− 6
Melody Mills	20	− 8
Plessey	361	− 7
Reckitt & Colman	282	− 16
Reed (Austin) A	72	− 6
Runciman (W.)	125	− 12
Utd. Scientific	490	− 18
Vinten	346	− 12

Solidarity challenges Communist control of Soviet bloc unions

BY CHRISTOPHER BOBINSKI IN GDANSK

POLAND'S SOLIDARITY trade union yesterday openly challenged the power of the Communist Party in the Soviet bloc with a declaration of support for efforts to set up independent unions in the Soviet Union and throughout Eastern Europe.

The union also risked a clash with the Polish Government with a demand that Parliament should organise a national referendum on workers' rights to elect their own management.

The decisions, taken at Solidarity's first national congress, were approved by delegates apparently unmoved by a growing bombardment of warnings from Eastern bloc neighbours and the presence of 100,000 Soviet troops on manoeuvres close to the Polish border.

Support for free trade unions came in a letter to the "working people of Eastern Europe" which was overwhelmingly approved by the 900 delegates.

"We support those of you who have decided to take the hard road of struggle for a free trade union movement," the delegates declared.

"We believe that soon you and our representatives will be able to meet and exchange experiences," the letter ended.

The letter is a symbolic gesture but it shows that a growing number of delegates are ready to overstep the political limits the union has set itself since its formation last year. Until now the union leadership has studiously avoided making any reference to conditions elsewhere in the Warsaw Pact.

The letter is likely to provide a powerful argument for those in the Soviet leadership who argue that the situation in Poland is getting out of hand.

Tass, the official Soviet news agency, yesterday accused the "right-wing" leaders of Solidarity of "aiming at seizing political power."

The Communist Party plays a supreme role in every aspect of life in the Soviet bloc. All trade unions—except in Poland—are controlled by the party. Attempts in the late seventies, before the birth of Solidarity, to set up free unions in Russia and Romania were quickly crushed and the leaders imprisoned.

With procedural matters out of the way the delegates swung into political issues with a vengeance on the fourth day of their congress.

Contentious resolutions have been tabled on:

● "Adequate" rights for Poles living abroad—a veiled allusion to the Polish minority living in the Soviet Union;

● The right to free travel;

● Freedom to return for all Poles who emigrated illegally in the past;

● Free elections to parliament.

The issue of workers' management, however, seems likely to become the main source of conflict between the authorities and the union in coming months.

The government resists Solidarity's demands because they would take control over appointments out of the hands of the party.

East German aid threat to Warsaw, Page 3

Foot hits out at Benn

BY CHRISTIAN TYLER, LABOUR EDITOR, IN BLACKPOOL

THE CONTEST for the deputy leadership of the Labour Party sprang dramatically to life again at the Trades Union Congress yesterday when Mr Michael Foot, leader of the party, delivered his strongest attack yet on Mr Tony Benn's campaign.

Mr Foot's combative speech to the TUC delegates in Blackpool won him a standing ovation, at the same time dismaying many of Mr Benn's supporters.

It did nothing to dent Mr Benn's own optimism. Shortly afterwards, in his first major appearance before a large audience since his long illness, he told a packed and enthusiastic fringe meeting that Labour could win a landslide election victory on Labour and TUC policies.

Mr Foot defended the last Government's record and condemned — without naming him — Mr Benn's concept of the accountability of Labour MPs which, he said, could cost Labour the next general election.

The party was not yet ready for an election, he admitted. It was engaged in "trivial and infantile" internal arugments. It had yet to win the confidence of the electorate.

"We are not going to do that if we talk solely in the language of bitterness and sectarianism." Nor would the British people respond to a party in which there was "a furious and unremitting attack on the rights and duties of Labour MPs."

Those who implied that there was treachery in the Parliamentary Labour Party were far from the truth, Mr Foot said.

The Labour leader said that success depended on agreement with the unions, which included a "national economic assessment". But he was careful to add that the programme would not mean returning to the kind of incomes policies adopted by the last Labour Government.

Mr Benn, who was flanked at the fringe meeting by left-wing members of the party's national executive, Mr Arthur Scargill of the miners, and Mr Ray Buckton of the train drivers, roundly declared: "If Labour gets stuck with the policies of 1979 — which led to our defeat —we will remain in the wilderness of a generation.

Picking up other references in Mr Foot's speech, he continued: "The electors will support us if they know what our

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Men and Matters, Page 16

Industrial costs trend worsens

BY ANATOLE KALETSKY

THE TREND of Britain's industrial costs and wholesale prices took a turn for the worse in August, according to figures published yesterday by the Department of Industry.

The 12-month rate of wholesale price inflation, which in July fell below 10 per cent for the first time since early 1979, is now back into double figures, at 10.1 per cent.

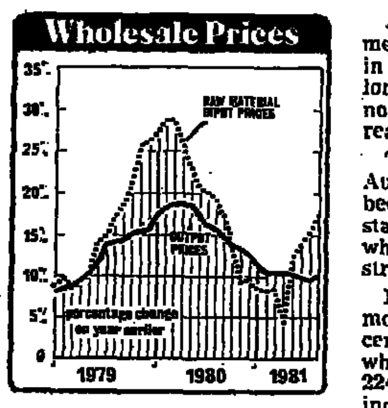
The price index for manufacturing industry's fuel and raw material inputs rose by 17.4 per cent in the year to August, compared with a 12-month increase of 15.4 per cent recorded in July.

The continuing increase in input costs suggests that some further rise in the annual rate of wholesale price inflation is on the cards.

The main cause of August's cost and price increases was the decline in sterling against the dollar and the consequent increase in oil prices.

According to the Department of Industry half of the ⅞ per cent increase in wholesale prices and two-thirds of the 1⅞ per cent increase in input prices in August was due to higher crude oil and petroleum product prices.

However, the increases were rather worse than had been expected in the City, where it was noted that the decline in sterling during the month of August had been relatively moderate.



Yesterday's wholesale price figures and the continuing decline in the exchange rate suggest that retail price inflation is unlikely to be reduced to single figures until the latter part of 1982 at the earliest.

There was considerable further selling of sterling in the foreign exchanges yesterday. In London, the pound closed at \$1.7955 and DM 4.38, down 2.3 cents and four pfennigs respectively. Its trade-weighted average value calculated by the Banw of England's index fell to 88.7 from 89.5.

Dealers did not attribute sterling's weakness to the inflation figures. The softness of the oil market was regarded as a more important factor.

Although there is disappointment in Whitehall that the trend in wholesale inflation is no longer pointing downwards, it is noted that there is no sign of a really sharp upturn.

The year-on-year figures for August were bound to be bad because of exceptionally good statistics this time last year, when sterling was still strengthening.

In comparison with previous months this year, the 0.8 per cent August increase in the wholesale prices index, to 224.0, and the 1.6 per cent increase in the fuel and raw materials index, to 236.9, are lower than the figures recorded during the winter and spring.

There are still no signs that the end of destocking or the bottoming out of the recession is contributing to the domestically generated component of inflation.

For manufacturing industries other than food, drink and tobacco, the index of raw material and fuel costs rose by 2.2 per cent in August to 261.6 and the output price index rose by 0.9 per cent to 223.7.

For the food, drink and tobacco industries, there was a fall of 0.1 per cent in input costs and a rise of 0.2 per cent in output prices.

Money supply up, Back Page
Money Markets, Page 22

Marconi wins battle with U.S. group for torpedo contract

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE ANGLO-U.S. battle for the £550m heavyweight torpedo contract for the Royal Navy has been won in principle by Marconi Space and Defence Systems of the UK, subject to the completion of "satisfactory financial arrangements."

The decision, which has been the subject of an intense campaign by Marconi and Gould Incorporated, the rival U.S. company, was taken at a 25-minute meeting yesterday of the Cabinet's Defence and Overseas Policy committee, chaired by the Prime Minister.

Marconi, which is part of the GEC-Marconi Electronics Group, will still have to fight hard to justify the defence committee's faith in it.

It was being pointed out in Whitehall yesterday that the phrase "subject to satisfactory arrangements", meant exactly what it said.

At a time of severe financial stringency in defence spending, and with fears of substantial overspending on some projects, the Ministry of Defence is highly sensitive to rising costs in major weapons programmes.

Only last week, it emerged that defence contractors were being obliged to tighten up on costs, and even major programmes such as the Anglo-German-Italian Tornado multi-role combat aircraft were not being allowed to slip through the net.

Marconi, in conjunction with other UK companies such as Sperry Gyroscope, had been offering a heavyweight torpedo, the Model 7525, to meet a specific Naval Staff Target for a weapon to combat the new generation of double-hulled, deep-diving Soviet nuclear-powered missile-carrying and hunter-killer submarines.

The rival system, from the Ocean Systems Division of Gould Incorporated, was an "advanced capability (Adcap)" version of the existing Type 48 torpedo for the U.S. Navy.

The costs of each weapon system are not clear, but it had been claimed that the Gould system would be at least £100m cheaper than the Marconi system. Against that, there were the considerable employment implications of not giving the contract to Marconi.

Marconi argued throughout the bitterly-fought campaign that at least 1,000 jobs would have been forfeited if the deal went to the U.S. group.

Earlier this year, Mrs Thatcher opened a new £13m underwater weapons factory built by Marconi at Neston, in Cheshire where Marconi intends to build the 7525. At that time she expressed the hope that the UK would remain "in the forefront of high technology," including the underwater weapons field.

High unemployment in the North-West of England is believed to have been a powerful factor in swaying the defence committee.

Other factors involved include:

The belief that the UK is just as far advanced in heavyweight torpedo development as the U.S.;

A substantial export potential for Marconi in the next 10 to 20 years; and

The retention in the UK of a major stake in heavyweight as well as lightweight torpedo development.

Gould had offered at least 35 per cent of the contract to British companies, and had said that much other offset work would also come to the UK.

The U.S. is considering buying the Thorn-EMI Searchwater anti-submarine radar. Mr John Lehman, Jr, Secretary of the U.S. Navy, who has been having talks with the Ministry of Defence in London, said they had discussed trying out the Searchwater in U.S. aircraft. He described Searchwater as "the most advanced deployed radar in the Western world." Page 7

But the defence committee's view was that this would have made the UK little more than a sub-contractor.

The choice of Marconi for the heavyweight torpedo is understood to have been in the balance up to the last moment.

At last-ditch meeting on the financial aspects of the deal was held late on Monday between Marconi officials and the Ministry of Defence, at which it is understood that Marconi management was able to convince the Ministry it would be able to meet the tougher financial constraints that would be imposed.

It is understood that Mr John Nott, Defence Secretary, telephoned Lord Weinstock, managing director of GEC, yesterday to tell him of the defence committee's decision, and to emphasise that the Ministry wanted Marconi's costs reduced.

With no figures being given officially, it is impossible to say just what this means. But it is understood that the Mnistry is concerned to avoid a repetition of the soaring development and production costs of the Sting-

Continued on Back Page

£ in New York

	Sept. 4	Previous
Spot	\$1.8330-8350	\$1.8480-8500
1 month	0.73-0.80 pm	0.73-0.80 pm
3 month	2.20-2.30 pm	2.20-2.30 pm
12 months	6.80-7.00 pm	6.80-7.00 pm

Rich prize from China for British independent film makers

By Paul Cheeseright, World Trade Editor

A GROUP of independent British film-makers has grasped a prize which has eluded the BBC, the American Broadcasting (ABC) in the U.S. and a multitude of major television networks. It has won Peking Government consent for a major documentary series The Chinese.

Production of 10 one-hour television programmes starts this month and will last for two years, using £4m of funds raised within the City of London. But the film-makers will end up with 150 hours of film.

With finance assured and the knowledge that they will have more material than they can ever use in television programmes, the film-makers can start to negotiate at leisure with the outlets they expect to provide a bonanza.

Channel Four, the new British commercial network, has bought that series and it putting up advance money. Other networks abroad are nibbling. A book will accompany the series. Video cassettes will be made for sale to, among others, U.S. business colleges.

The film makers are Mr Peter Montagnon, producer of the BBC's Civilisation and The Long Search series, Mr Alasdair Clayre, a former BBC man and fellow of All Souls College, Oxford, and Mr Nigel Houghton, veteran of an Arab-Israeli dispute series for the Open University.

They convinced the Peking Government that a series about China could not look just at the Great Wall, the first Chinese preference.

That proved less time-consuming than arranging the finance. Wall Street was interested, but more vocal than practical. At the beginning of the year the English Association Trust which provides merchant banking services, entered the picture.

It drew up a financial scenario which showed that at the worst backers would receive all their money back with a return somewhat lower than on gilt-edged stock.

The leading backer is Refuge Assurance, but other insurance companies are involved too: Equitable Life, Sun Life, Provident Mutual and Guardian Royal Exchange.

Part of the £4m is also coming from London Trust, United Media Finance, a new company which groups City institutions, and Andrew Weir Finance.

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Pressure grows for a Spanish reshuffle

BY ROBERT GRAHAM IN MADRID

DIFFERENCES within Spain's ruling party — the Union of the Democratic Centre — are forcing Sr Leopoldo Calvo Sotelo, the Prime Minister, to consider a major reshuffle. Sr Calvo Sotelo is anxious to introduce a more united Ministerial team and to isolate critics within the party, principally the former Prime Minister, Sr Adolfo Suarez, and his allies.

The Cabinet was formed in the wake of the abortive coup in February when Sr Calvo Sotelo had to take account of two factors. The trauma of the coup obliged him to present the image of a unified party, so all the main factions in UCD were represented. At the same time *he found himself without a real* power base in the party, although he was its choice for the premiership. The party remained in the control of Sr Suarez.

Until two weeks ago Sr Suarez and his friends remained quiet. But they have now gone over to the offensive in the realisation that a determined *attempt is being mounted to re*duce their influence.

Sr Calvo Sotelo is reported to feel that he has sufficient authority to choose a Cabinet of his own men. He has also dropped hints that he is willing to introduce independents to ministerial posts. The most controversial name mentioned is that of Sr Antonio Garrigues Walker, who has begun to found a series of liberal clubs as a precursor to a *new Liberal* Party. Sr Garrigues Walker is the brother of a former prominent Minister who died last year.

Although there *is* no serious challenge to Sr Calvo Sotelo's position as Prime Minister, his handling of the situation will affect the unity of the party *and condition its image for elec*tion expected next year.

Until now Sr Calvo Sotelo has

Sr Adolfo Suarez

cultivated the air of a statesman unhurried by external pressures. But he has been jolted by one unexpected event and a number of additional pressures could well influence his decisions.

At the beginning of the month the Justice Minister, Sr Francisco Fernandez Ordonnez, resigned. Sr Calvo Sotelo tried to persuade him to stay on until mid-October, after parliamentary elections in *Galicia* and a natural moment for a reshuffle. Sr Fernandez Ordonnez refused, taking the view that it was best to resign now, with his reputa*tion as a Social Democrat* intact, rather than be dismissed in a reshuffle. His departure resulted in a minor Cabinet readjustment.

Other pressures which will affect Sr Calvo Sotelo's timing are forthcoming parliamentary debates on the adulterated edible oils scandal and Spanish membership of the North Atlantic Treaty Organisation.

It is considered likely that the Minister for Health, Sr Sanchez Rof will be forced to resign as a result of the handling of the adulterated oil scandal in which 117 people have died. The Government has arranged a debate next week during which the opposition is expected to *make the most of* inept Government handling of the issue.

As for Nato, the two main opposition parties have begun a campaign to prevent Spanish membership and the Government is expected to be given a rough ride in Parliament.

The question *is* whether Sr Calvo Sotelo will still delay his reshuffle until after the elections in Galicia which are expected to prove a setback to his party. The Prime Minister this week denied *that he had any* immediate shuffle in mind, but there is nothing like a denial to feed the rumour mill here. With talks of a "crisis" in*creasing among politicians and* in the Press, it will be difficult for him to ignore the pressures.

Finnish Cabinet nears break-up

BY LANCE KEYWORTH IN HELSINKI

FINLAND'S Government is again on the verge of collapse. Official statements blame the current crisis on differences over the 1982 budget, but the mood in the four-party, Left-Centre coalition has also been soured by personal rivalries.

Shaky since it took office in 1979, the Government came close to falling in April this year when the Communists refused to accept social security measures linked to the national wage settlement.

The Government's now deadlocked over the best way to bridge the deficit in the 1982 budget Bill. The Centre (Agrarian) Party refuses to sanction any new burdens on industry, while the two left-wing parties, the Social democrats and Communists, reject suggestions for increases in sales tax.

The fate of the Government may be decided tomorrow, when the parties' executive committees report their views to the Cabinet.

The Administration is *troubled by emerging personal* rivalries and power politicking over the presidential elections due in 1984.

North Sea oil 'defenceless'

BY FAY GJESTER IN OSLO

OIL platforms on Norway's continental shelf could not be *defended in a war* and official strategy should aim at shutting them down and evacuating personnel as quickly as possible.

This is understood to be the view of a six-man committee appointed by the Norwegian Government last year to study the problems of defending oil installations and ensuring oil supplies in the event of war.

The committee, which is to report to the Oil Ministry on its work so far, will be responsible for co-ordinating the defence and evacuation of the country's *oil fields in the event of war.*

The committee is believed to argue that vital equipment should be removed so that an enemy could not take over the installations *and* benefit from their production. Adequate oil reserves should be maintained in Norway.

Madrid rejects Soviet warning

MADRID — The Soviet Union as warned *Spain* against joining the North Atlantic Treaty Organisation, but Madrid has rejected the warning as interference in Spanish affairs.

Mr Igor Ivanov, the Soviet charge d'affaires delivered a Note to the Spanish Foreign Ministry saying Spanish membership of Nato would *increase international* tension.

The ministry is *said* to have regarde dthe note as an unacceptable interference in Spanish affairs and to have returned *it*. *The* Spanish parliament is to debate, possibly this month, government plans to make Spain the sixteenth member of Nato.

A spokesman *for the Soviet* embassy has quoted his Government's Note as saying that Spain's relations with Nato acquired particular impact in *view* of the complex international situation and the Soviet Union had the right to let its opinion be known.

Spain's decision on Nato "would shew in which direction the future of world relations will develop: towards an increase in tensions and confrontation or towards detente and a decrease in the level of minitary confrontation," th eNote *said*.

The position of the Soviet Union on this issue is exclusively dictated by its concern for the strengthening of international security and detente and the lessening of confrontation levels in Europe," the Note added.

Earlier this year, while the European Security Review Conference was being held *in Madrid*, Spanish Government Ministers hinted that the Soviet Union could be supporting Basque separatist and Left-wing violence to stop Spain from joining Nato. The Soviet Embassy denied any involvement.

Reuter

Austria warned of severe cuts next year

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S Finance Minister, Dr Herbert Salcher, announced last night that Austria's 1982 budget would be based on the assumption that the economy would grow by 2 per cent and that the inflation rate *would be* 6 per cent. It was also expected that unemployment would rise from the current 2.2 per cent to 2.5 per cent.

Dr Salcher claimed to have chopped Sch10bn (£323m) during interdepartmental bargaining over expenditure plans originally tabled. The gross budget deficit for the year, which coincides with the calendar year, would be well below Sch 65bn. The draft budget for 1981 projected a deficit of Sch50bn and there were *fears of* a shortfall of Sch 70bn next year.

The net deficit, excluding debt repayment and servicing, would be about 3 per cent of the gross domestic product as against *a figure* of 4.5 per cent in the mid-1970s, the Minister stressed. He gave notice of strict economies in all sectors, including subsidies and salaries *of public employees*.

Dr Salcher made clear that Austria would not have the money to buy fighter aircraft in 1982 and expressed doubts *as to the feasibility* of such a purchase in 1983.

As the Minister is barred by law from revealing exact figures before tabling the draft budget in *Parliament*, Dr Salcher merely stressed that the policy of the "hard schilling" would be continued and said he was fully confident that the *Treasury* would be able to finance the budget.

The announcement that Austria will not have funds available for the purchase of *24 fighter planes from* France or the U.S. is likely to lead also to changes in planned Austro-French joint industrial ventures and may put an end to *American attempts* to torpedo the French deal.

Press and opposition spokesmen have criticised Dr Salcher's announcements as "pure cosmetics."

Piraeus stoppage

PIRAEUS — A strike by stevedores at Piraeus and Salonica entered a third week yesterday, bringing shipping almost to a standstill. The strike, which started on August 24, has been extended until next Monday following union claims that the Greek Government is ignoring the stevedores' problems.

One of the union's main demands is for government subsidies for the sevadores' pension fund. A bill under discussion in Parliament claims that the union does not sufficiently cover the deficit in the *pension* fund.

AP

'Collective' steel talks

THYSSEN, the West German *steel* producer, said yesterday that its recent talks with steel-consuming industry had been held in a collective framework and not on an individual basis, *as indicated* in a Financial Times report on September 8.

"The talks were between the Rolled Steel Producers' Federation—of which we are a member—and *the Association of Steel* Consumers, which of course includes a number of our customers within the motor industry and other sectors," the company said.

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East German aid threat to Warsaw leaders

BY LESLIE COLITT IN BERLIN

EAST GERMANY yesterday warned the Polish Government that it might cut off economic aid if the Communist authorities in Warsaw failed to regain full control.

This is the first indication of concrete action against the Poles by any of their Warsaw Pact allies since the current crisis began a year ago.

East Germany is Poland's second most important source of aeid in the Communist bloe after the Soviet Union.

The East Germans have provided 550m marks (£124m) in hard currency and material assistance to Poland this year. This is second only to the Soviet Union, which has rescheduled Warsaw's £2.3bn debt to Moscow until after 1986.

The main East German Communist newspaper, Neues Deutschland, said East Germans were asking, in connextion with "our aid for Poland in the currents situation," when the "Polish Party and Government leadership is going to crasp the reins of power again." This is the first direct East German criticism of the present Polish Government.

The newspaper, in an editorial directly reflecting the views of the East German leadership, said that East Germans were also wondering whether help for their neighbours was not going into "a barrel without a bottom," when they heard about strikes in Poland instigated by Solidarity, about about falling production.

East Germany gave Poland a grant of more than £55m late last year, and sent 300m Marks-worth of meat, butter, grain and other foodstuffs. The Polish Foreign Trade Ministry said that Poland's trade deficit with East Germany this year, a form of credit, will be about £182m.

Neues Deutschland said that expressions of concern about Poland by East German citizens resulted from more than three decades of friendly ties. It said it was the same concern as that expressed in a letter last June from the Soviet leadership to the Polish Communist Party. That was a warning to the Polish leaders

The editorial noted that East German aid was not welcomed by the "counter-revolutionary forces" in Poland, as shown by "events in Danzig (Gdansk)." On Sunday, West German television broadcasts excerpts from a festival of "forbidden chansons" in Gdansk, which included one song which said: Neues Deutschland, stop giving us your unwanted advice. We remember what was done in your name not long ago.".

Neues Deutschland maintained that it was not being anti-Polish but was simply "thinking logically." East Germans did not with to see the "outstanding efforts of generations of Polish citizens sink into chaos."

Tass accuses Polish union of trying to seize power

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION yesterday made its first comments on the Solidarity congress being held in Gdansk and the tone was sharply negative. The Polish independent union was again accused of trying to upset Communism and to seize power in Poland.

The Soviet news agency, Tass, said the Solidarity leaders were "smearing" Socialist Poland and belittling everything that had been achieved since the Communist takeover after the war. At the same time, the Soviet agency added, union members were not offering any practical solutions for Poland's complex economic problems.

The agency suggested that Solidarity leaders had packed the delegates to the congress with full-time union employees, rather than with representatives of the nation's miners, factory workers and farmers.

Marshal Ustinov: invited Polish Premier

Tass said the opening phase of the congress showed Solidarity was "aiming at seizing political power"—a charge which has been made several times recently, but which gains new force now as it is aimed at the entire leadership in connection with the Gdansk meetings.

While Tass complained of Solidarity's activities, Soviet military manoeuvres continued in Byelorussia and the Baltic states east of Poland. The Polish Prime Minister, Gen Wojciech Jaruzelski, was among Communist officials observing the exercises yesterday.

Tass said Marshal Dmitry Ustinov, the Soviet Defence Minister, had invited Gen Jaruzelski in his dual capacity as Premier and Defence Minister. Defence chiefs from the other Warsaw Pact nations and Cuba are also attending the manoeuvres.

Western diplomats have said they see no particular threat to Poland in the manoeuvres so far, although they believe that the massive display of Soviet military might is intended as a message of warning to the Solidarity activists in Gdansk.

In its attack on the Solidarity meeting, Tass said the union had assembled a group of delegates scarcely representative of Poland's working class. Its reporters at the Gdansk meeting were told that 89 per cent of the delegates were full-time paid employees of Solidarity.

Tass added that 120 of the delegates were supporters of the dissident group, Kor, while another 70 were members of the Confederation for an Independent Poland. Rank-and-file workers made up less than 25 per cent of those attending, the Russian agency said.

The general atmosphere of the congress had been marked by attacks on the Polish Communist Party and Government and "attempts to slander" the regime, Tass said. Although the union had not offered a real contribution to solving the nation's production problems, it had issued "irresponsibly formulated" new demands against the State. It was clear to all that there were no resources and conditions for the satisfaction of such demands.

So far President Leonid Brezhnev and fellow members of the Soviet Politburo have not spoken out personally on the latest developments in Poland, but analysts expect a high-level statement soon.

Hungarian Communists warn opponents of party line

BY PAUL LENDVAI IN VIENNA

THE HUNGARIAN Communist leadership has warned publicly that it will not remain idle in the face of what it called "a small group of intellectuals opposing the party line under the powerful influence of bourgeois ideologies."

Mr Mihaly Kornidesz, chief of the Central Committee's Science and Education Department, issued the warning in the party periodical for the activists, Party Life (Partelet).

Referring explicitly to the sharpening international situation, the cold war atmosphere generated by the U.S. and the increased ideological diversion, Mr Kornidesz called for a rejection of people propagating "ultra-Leftist" ideals and complaining that the Hungarian system restricts personal freedom.

But the head of the key party department dealing with intellectuals and scientists also emphasised that what he called "ideological confusion in the minds of some people" did not constitute a "political problem."

Nevertheless, this call for greater ideological vigilance coincides with tightened police supervision and occasional harassment of active dissident intellectuals.

A young teacher, Mr Sandor Szilagyi was arrested and interrogated last Tuesday for distributing underground literature in a friend's flat.

Mr Szilagyi was released the same day but warned against any infringement of the law. There were also searches in the apartments of at least two other young intellectuals engaged in the distribution of what the regimes regard as hostile pamphlets.

The people questioned by the police belong to the group of those intellectuals who signed two years ago a manifesto protesting against the persecution of human rights activists in Czechoslovakia.

It is roughly the same group which has launched the movement called Szeta for providing relief to poor people in Hungary.

One of the most active dissidents is Mr Laszlo Rajk, the son of the former Minister of Interior and Politbureau member purged and executed during the Stalin era in 1949 and officially rehabilitated in 1956.

Mr Janos Kadar, the Hungarian party leader has been taking a relatively relaxed view of the sporadic activities of ideological opponents. But in view of the upheaval in Poland and increased Soviet insensitivity to the spread of the "Polish disease" elsewhere in Eastern Europe, the Hungarians are evidently taking a tougher line.

Reuter reports from Vienna: Romania yesterday expanded its bureaucracy, creating five Ministries too versee sensitive economic areas such as the oil industry and coal mining. The move, which runs counter to a trend towards merging ministries in Hungary and Poland, will create ministries for oil, Ministries to oversee sensitive mining, geology and machine building and one for machine tools, electrical engineering and electronics.

The ministries were established by a Presidential decree published yesterday arguing that the traditional Soviet system of a Ministry for each economic sector was inefficient. Hungary merged three Ministries into one this year and Poland made two Ministries out of seven, cutting the number of bureaucrats.

Brussels ready to put UK and France in the dock

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission is expected to decide today to put both Britain and France in the dock of the European Court for breaching Common Market rules by banning imports of poultry and wine respectively.

These legal assaults are bound to be greeted with indignation in Britain and resignation in France and will not free the Commission of the difficult task of trying to find political solutions to both problems.

This is because European Court cases take so long to meander towards a judgment and the court lacks any effective sanction to enforce compliance with its rulings.

The true significance of both cases appears to be the freedom with which Britain and France have felt ready to sail close to the EEC's legal wind to protect hard-pressed domestic producers. Commission officials find this upsetting and are particularly angry at Britain's moves on poultry which are seen as a carbon copy of French behaviour which London has so often criticised.

Mr Peter Walker, Britain's Minister of Agriculture, categorically rejects this and will challenge the Commission's claim that the poultry ban breaches Article 36 of the Treaty of Rome. This outlaws any changes in animal health regulations which amount to a disguised restriction on trade between member states.

Mr Peter Walker: charges strongly denied

The British will argue that their sudden switch last week from a policy of vaccination against fowl pest to slaughtering, and the related ban on imports of vaccinated birds are perfectly justifiable on animal health grounds.

But with their poltry now excluded from the British market both France and the Netherlands are arguing strongly that the move is aimed at protecting British producers from increasingly sharp foreign competition.

The same argument is being mounted against the French by the Italian Government. More than 1m hectolitres of Italian wine is either blocked in French ports or at the French border, on the apparently dubious grounds that it is not accompanied by proper import documents.

The French have added insult to injury by continuing to shut out 40,000 hectolitres at the port of Sète although the documentation is said by Brussels officials to be impeccable.

France will therefore be charged with breaching Article 30 of the Treaty of Rome which outlaws quantitive restrictions on imports from other member states except in very special circumstances.

The British poutry market is threatened by the development of a huge new turkey-producing complex in Brittany. French wine producers cannot compete with the product of a bumper Italian harvest.

CGT backs Mitterrand policies

BY DAVID WHITE IN PARIS

THE BIGGEST French trade union body, the Commuist-led Confederation Generale du Travail (CGT), yesterday endorsed the policies of the four-month-old Mitterrand Government, but made clear that it aimed to press for stronger measures.

"Our programme goes beyond the Government's," M Henri Krasucki, CGT's deputy leader, said in the traditional post-holiday statement delivered at a rally on the outskirts of Paris.

He said the measures undertaken or promised so far by the Government were "encouraging." But this did not stop the union from finding some of them inadequate or too slow.

He called for urgent action to halt price rises "in concert with the unions" and repeated CGT's demand fo ra further 10 per cent increase in the national minimum wage. The union had already expressed its disappointment at the latest 3.7 per cent inflation-triggered rise in the minimum wage at the beginning of the month.

He said the union would press to keep all wages up with inflation and to increase the purchasing power of the lower and medium-pay categories.

It would also hold out for a 38-hour working week, after refusing to sign a union-employer's pact in July which involved a one-hour-a-week cut to 39 hours and fifth week's annual holiday. M Krasucki said the pact gave employers "dangerous and arbitrary powers" and that the hours reduction was not enough to create jobs.

M Krasucki's speech, which comes after the start of tough pay talks in the civil service, was the focus of particular interest since it appeared to mark an imminent change in the union's leadership.

A hardliner by reputation, he has been moved increasingly to the front of the stage in the past few months.

M Georges Seguy, leader since 1967, has been suffering from health problems and has hinted that he may soon stand down. He is widely expected to announce his intention to retire early at a national committee meeting of the CGT next month. M Krasucki, at 57 two years older than M Seguy, is the favourite to take over at the union's congress next summer.

Both men are members of the Communist Party's political bureau.

Police in Ciskei arrest 200 blacks

By J. D. F. Jones in Johannesburg

TWO HUNDRED black trade unionists from East London have been arrested by the fledgling Ciskei Government in an unexpected crackdown on South Africa's fast growing black union movement.

They will be charged "within three weeks," according to Brigadier Charles Sebe, head of the Ciskei Central Intelligence Service, for "singing freedom songs, denouncing the present system of government and waving black power salutes."

It remains to be seen whether the Pretoria Government will be embarrassed by the action of the Ciskeian local officials, who have a reputation for maverick and authoritarian behaviour. The Ciskei is scheduled to become an "independent" nation on December 4, as one of the republic's Bantustan tribal homeland states.

The 205 trade unionsists had been returning by bus on Sunday night from East London to the Mdantsane township, which, while serving East London's industries, is actually just inside territory of the Ciskei.

This is not the first time the Ciskeian police have acted against the East London black trade unions. Mr Thomazile Gqweata, national president of the South African Allied Workers Union, said that the East London workers were "sick and tired of harassment and intimidation by the Ciskei police. The time has come when we will not tolerate such actions."

The Ciskei, one of the poorest and most overcrowded of the bantustans, is technically the sovereign nation of over 2m Xhosas, though only 600,000 live in the already overcrowded territory. The local strong man and Chief Minister, Chief Lennox Sebe, consulted his population through a referendum last December on whether or not the Ciskei should take its "independence." He won a 'yes' vote after he had threatened that those who voted 'no' would risk imprisonment.

Black union leaders are suspicious that the white Government in Pretoria is happy to let the homeland governments do the "dirty work" of obstructing the rapid rise in numbers and influence of this new trade union movement.

Mr Sadat's clampdown on the Moslems may make them martyrs, writes Anthony McDermott in Cairo

Egypt's bid to halt a rising tide of Islamic extremism

PRESIDENT SADAT has given further indications that he wants Islamic extremism halted by ordering control over Egypt's privately owned mosques and the official licensing of preachers.

This follows his previous measures under which he closed 11 Islamic societies, shutting several of their publications and confiscating their assets. Of 1,536 arrested last week the majority were young men, fanatical Moslems.

There is a danger that Mr Sadat has given the Moslems the first taste of martyrdom by taking them on so dramatically. For last Friday's disturbances were largely sparked off by the fact that Sheikhs of individual mosques had been arrested.

There are several reasons for this clampdown. Mr Sadat is instinctively against religious extremism, although he is a pious Moslem and used to be the link man of the Free Officers with the Moslem Brothers in the early '50s.

He is also anxious that Egypt should not be seen to be at risk of becoming as intolerant as Iran as a result of the incidents between Moslems and Christian Copts.

The mosques themselves fall into several categories. The first two include mosques fully or partly built by the Government. Preachers in them largely follow the Government's moderate religious line. It was in the third category of the 40,000 privately owned mosques, which the Government has now taken over, where trouble was stirred up in the regular Friday sermons.

The themes were usually social. Television programmes have been a particular target, and a programme for teaching foreign languages was the subject of one attack in mosques in Alexandria. Western influence as a whole has been frequently criticised.

Sheikh Kishk, the blind preacher from Ain al-Hayat mosque in northern Cairo, who has a large following and is now in jail, has been exceptional in bringing the peace treaty with Israel under critical scrutiny. He is not so much offended by the peace treaty itself, but that east Jerusalem has not been returned to the Arabs and Moslems, with its venerated al-Aqsa mosque.

He wants to prevent extreme forms of Islam from becoming an uncontrollable political force. There is no doubt that the extreme and more visible aspects of Islam have gathered strength.

There is increasing public praying in offices and more appeals for donations towards mosque building. While the Left used to be the main political force on the campuses, today elections there are dominated by Moslem fundamentalists.

Sheikh Kishk's main criticism is that the peace treaty is incomplete.

In addition some religious publications have exceeded what is acceptable to the Government. The weekly newspaper al-Da-awa, the mouthpiece of the Moslem Brethren, was closed down recently because it carried articles at the time of riots between Moslems and Copts last June implying that the Government was too lenient towards the Copts and that their position was over privileged. The riots left at least 20 people dead in a Cairo suburb.

Mr Sadat's clampdown may produce another problem. The extremist Moslem Brothers set up at Ismailiya in 1929 and a flock of other fanatical societies might be driven more deeply underground. They are deeply secretive, well financed and structured in cells. Their popularity has stemmed partly from the general resurgence of Islam and the Government's stand against Communism.

The Moslem Brothers' structure and fanaticism has not yet begun to assume the hard cutting edge of Iran's anti-government Shi-ite Moslems. If there are parallels, they lie in the sense that religious values are being disrupted by economic development and westernisation.

But there are vital differences. Iran's attempts to transform society were on a much larger scale than Egypt's. Whereas the Shah and his father before him deliberately alienated the Mullahs, Mr Sadat is a pious Moslem and has not tried to secularise the church.

Above all, there is the danger that violence might break out again. Moslem extremists have never shied away from killing if necessary.

In February 1945, Mr Ahmed Maher, the then Prime Minister, was killed by Moslem Brethren for having declared war on the axis powers. In April 1974, the Islamic Liberation Organisation attacked the technical military academy in Heliopolis, killing 30 soldiers. And in July 1977, a fanatical group called al-Takfir w'al Hijra, kidnapped Sheikh Mohammed al-Zahabi, a former Minister of Waqfs (religious endowments) and killed him.

President Sadat . . . threat from Islam

Reassurance for Israel

EGYPT'S ambassador in Tel Aviv, Mr Saad Mortada, yesterday called on the Israeli Foreign Ministry to reassure Jerusalem that the crackdown on opposition in Egypt will not interrupt relations between the two countries, David Lennon reports from Tel Aviv.

The diplomat's reassurance follow reports of a speech by the Israeli Chief of Staff, General Rafael Eitan, in which he is alleged to have warned that the peace process may be endangered by the Egyptian disturbances.

The general reportedly said: "There must be no illusions. There may be peace with Egypt but the situation is dangerous. There are riots in Egypt, Sadat could fall and everything could end."

Mr Mortada told Mr David Kimche, Director General of the Foreign Ministry, that the recent arrests would strengthen the Government of President Anwar Sadat and that normalisation of relations between Israel and Egypt would continue.

Israeli and Egyptian officials met in El Arish in Sinai yesterday to discuss arrangements for the pending Israeli withdrawal. Next week a team of 50 Egyptians is due in Israel to discuss various issues connected with developing relations between the two countries.

Iran faces cash flow crisis as oil sales fall

By Terry Povey in Tehran

IRAN'S GOVERNMENT may soon face a cash flow crisis in its foreign exchange payments as a result of its inability to close the gap between import costs and oil revenues.

Official figures just released reveal that the country's import bill for the first seven months of 1981 was $7.9bn. At the same time, oil sales have dropped to some $550m per month. Reserves now stand at $3bn.

Two major payments to Iran during the last three months have prevented its short-term situation from deteriorating precipitately, however. The first of these was the $1.05bn from the U.S., transferred as part of the hostage release agreement.

The second consisted of the two final loan repayments, each of $200m, from Britain's National Water Council. A further $200m in repayments of smaller loans came recently from Egypt, Sudan, and Tunisia.

Iran's central bank is now reported to be making strenuous efforts to cut imports from June's record $1.7bn. Figures for July show only a $400m reduction, still well above current oil revenues.

Cutting imports at this time of year will be difficult. With only three months to go before the winter, this would normally be a time for stocking up with food and fuel and the political ramifications of severe shortages could be serious.

Iran could sell some of the $4bn it has in its gold reserves, or it could sell some of its estimated $6bn holdings in Western companies.

Given current gold prices, the Government is thought to prefer the latter option, although officials are still hoping for an improvement in the world oil market that would make such sales unnecessary.

● Thirty-four people were yesterday reported executed in Iran. The overwhelming majority of them were from the People's Mojahedin organisation, which is leading the current campaign to overthrow Ayatollah Khomeini's regime.

Japanese set deadline for economic package

BY CHARLES SMITH, FAR EAST EDITOR

The Japanese Government plans to complete studies on whether to introduce a package of measures to stimulate the economy by late September or early October, the Director General of the Economic Planning Agency, Mr Toshio Komoto said.

If it materialises, the package will be designed to deal principally with two problems: the heavy losses being incurred by some basic materials industries (such as oil and aluminium) and Japan's fast-growing and embarrassing overseas current account surplus.

The government originally forecast a $6bn deficit for the current acount during the 1981 fiscal year, but it is now expected that there will be a substantial surplus.

Japan's gross national product grew by 1.2 per cent in real terms in the April-June quarter, which means that economic performance is roughly on target.

However, there is concern that growth has been coming overwhelmingly from exports. The package may be designed in part to shift the emphasis back to domestic demand. "Emergency" import promotion measures could also be included.

Poor prices hit W. Malaysia's trade balance

By Wong Suleng in Kuala Lumpur

WEST Malaysia has suffered a severe deterioration in its balance of trade as a result of poor prices for virtually all its main export commodities—oil, rubber, tin, palm oil and timber. For the first five months of this year, West Malaysia recorded a trade deficit of M$493m (£111m) compared with a surplus of M$1,280m for the same period last year.

With prices of its exports expected to remain weak the Malaysian trade deficit is expected to increase, and the country is projected to suffer a large balance of payments deficit this year, the first in more than a decade.

Israelis hawkish over settlements

BY DAVID LENNON IN TEL AVIV

MORE THAN half the Israeli public favours unlimited settlement of Jews in the occupied Arab territories, according to a newspaper poll published in Tel Aviv yesterday.

The settlements are opposed by the Palestinians, who see them as a form of Israeli annexation of their lands.

This confirmation of the increasingly hawkish trend of Israeli public opinion is expected to strengthen the hand of Mr Menahem Begin, the Israeli Prime Minister, during his discussions with President Ronald Reagan, which begin in Washington today.

Mr Begin will be able to argue in the White House that despite Western criticism of the settlements as an obstacle to a peaceful solution of the Palestinian problem, most Israelis support his policy of widespread settlement of Jews on the occupied West Bank.

The poll, conducted for the Jerusalem Post, revealed that almost 53 per cent of those questioned favoured unlimited settlement in the West Bank. A further 22 per cent also favoured settlement subject to various conditions, such as that it should not be at the expense of social spending.

Israel Radio yesterday carried an unconfirmed report that plans are now being drawn up to move tens of thousands of Israelis into settlements on the West Bank during the next four years. It is hoped to achieve this by providing housing at low cost to attract young families.

Earlier this week, Gen. Rafael Eitan, Israel's Chief of Staff, said that following the 1967 war, all of the "land of Israel" was now in the possession of Israel and that many more settlements should be built on the West Bank and on the Gaza Strip.

Israel and Egypt are due to resume negotiations on autonomy for the Palestinians later this month.

It is not known what effect an expansion of Israeli settlement policy may have on the progress of these talks. But in the past, both Egypt and the U.S. have complained that the settlements are hindering the peace process.

Front line states to meet on Angola

DAR ES SALAAM—The leaders of Africa's frontline states and President Shehu Shagari of Nigeria will meet on Friday in Lagos to discuss the South African invasion of Angola, a Tanzanian Government spokesman said yesterday.

The Heads of State of Tanzania, Angola, Mozambique, Botswana, Zimbabwe and Zambia have been invited to attend. Mr Julius Nyerere, Tanzanian President and chairman of the group, is planning to attend.

The meeting will be held in Lagos because the frontline leaders feel it is important to cooperate with Nigeria on this issue.

AP

Plan to link Turkey to Iraq by rail

BY JAMES DORSEY IN KUWAIT

Emir of Kuwait . . . visits Turkey

TURKISH LEADERS plan to raise the possibility of building a rail link from Ankara to Basrah in Iraq during this week's visit to Turkey by Sheikh Ahmed al-Jaber al-Sabah, the Emir of Kuwait.

Turkey hopes the railway line to Basrah would link up with the line from Basrah to Kuwait, now being planned.

Kuwaiti officials say the link from Turkey to Iraq is at present "in the stage of discussion". But diplomats believe Kuwait is interested in expanding the Kuwait-Basrah line to Turkey for mainly political reasons.

Kuwait and Iraq are preparing a design for the rail link between their two countries, construction of which is to be completed in 1985.

A joint Iraqi-Kuwaiti commission is shortly to discuss the issue in Baghdad — the first commission meeting since February, 1980.

A date for this meeting will be set as soon as Iraq has submitted its design suggestions, a draft for the terms of reference for designers and constructors, and recommendations of companies being invited to bid.

Afraid of being tied too closely to Iraq, Kuwait made its approval of the railway project contingent on an extension of the link to other Gulf countries. Saudi Arabia, in particular, raised no objection.

But the Saudis clearly stated they would only take an active interest once the rail from Dharan and Damman to Jubail had been completed in the second half of the 1980s.

Kuwaiti officials admit that a rail link to Basrah will provide them with a second outlet besides the Strait of Hormuz. Such a link would further relieve problems created by Kuwait's increasing role as a transit station for goods destined to neighbouring countries, particularly Iraq.

Kuwait stresses the need for each country to pay for its own part of the design and construction of the Basrah-Kuwait rail link. Kuwaiti officials also say they want a slow phasing of the project, to allow Saudi Arabia to catch up.

These officials describe a rail network limited solely to Kuwait and Iraq as "pointless." One Kuwaiti official directly involved in the project said: "We decided in favour of the rail link as an obligation to the Arab world."

The rail link with Kuwait is becoming increasingly important to Iraq now that the Shatt-al-Arab waterway is closed because of the war with Iran. Analysts believe that Iraq is attempting to channel its trade permanently through overland and air routes.

A project to increase the capacity of the port of Basrah from 11m to 26m tonnes is said to have been shelved. Instead, Iraq is hoping to double the turnover of its railway in the next four years from 7.5m tonnes to 15m tonnes.

The Iraqis are further expected to go ahead soon with the construction of a six-lane highway from Basrah via Baghdad to Qain, and with plans to link Kirkuk with the Jordanian border.

Extending the rail link from Basrah to Ankara would further internationalise the network—a move desperately wanted by Kuwait.

COMPANY NOTICES

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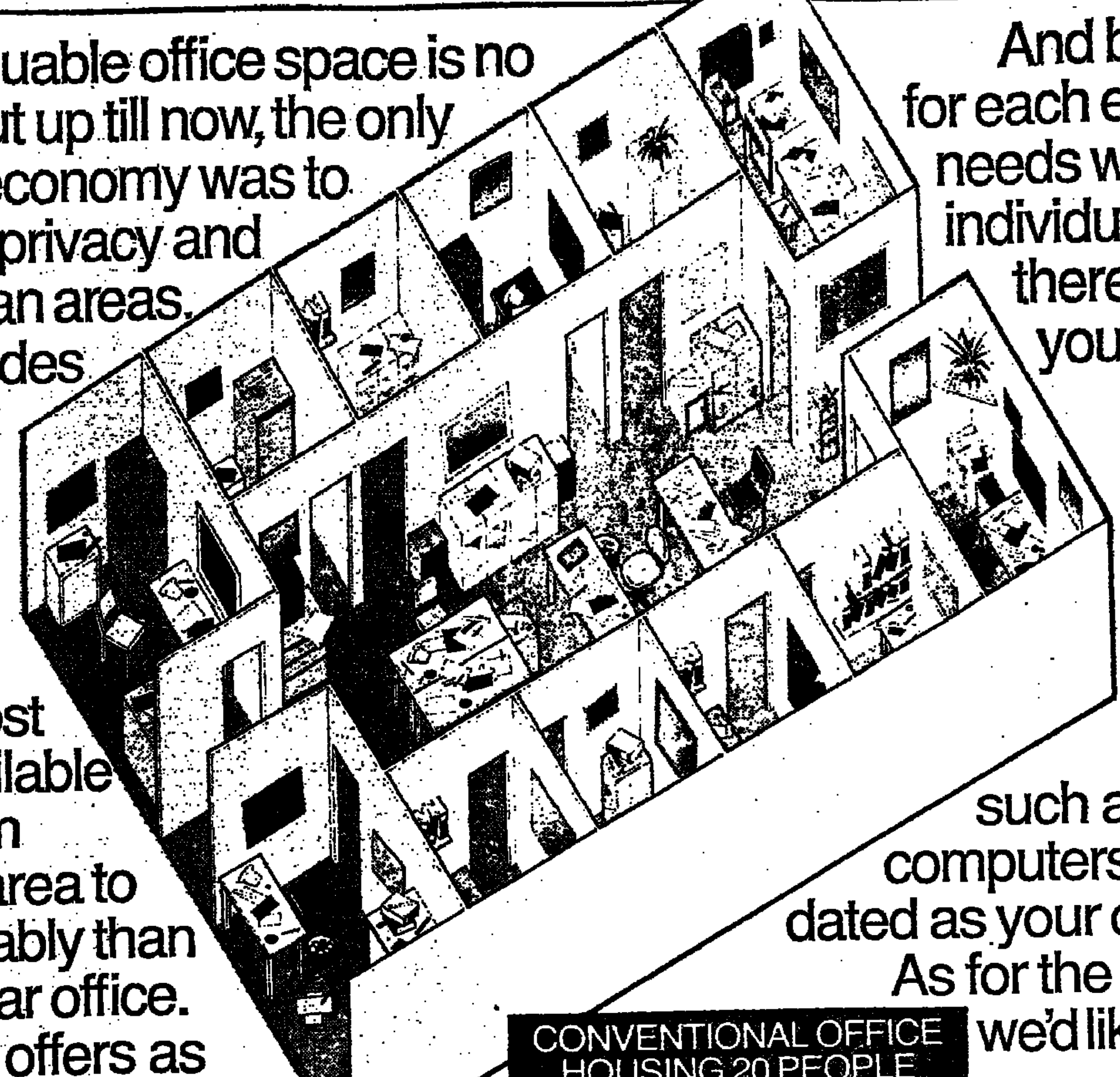

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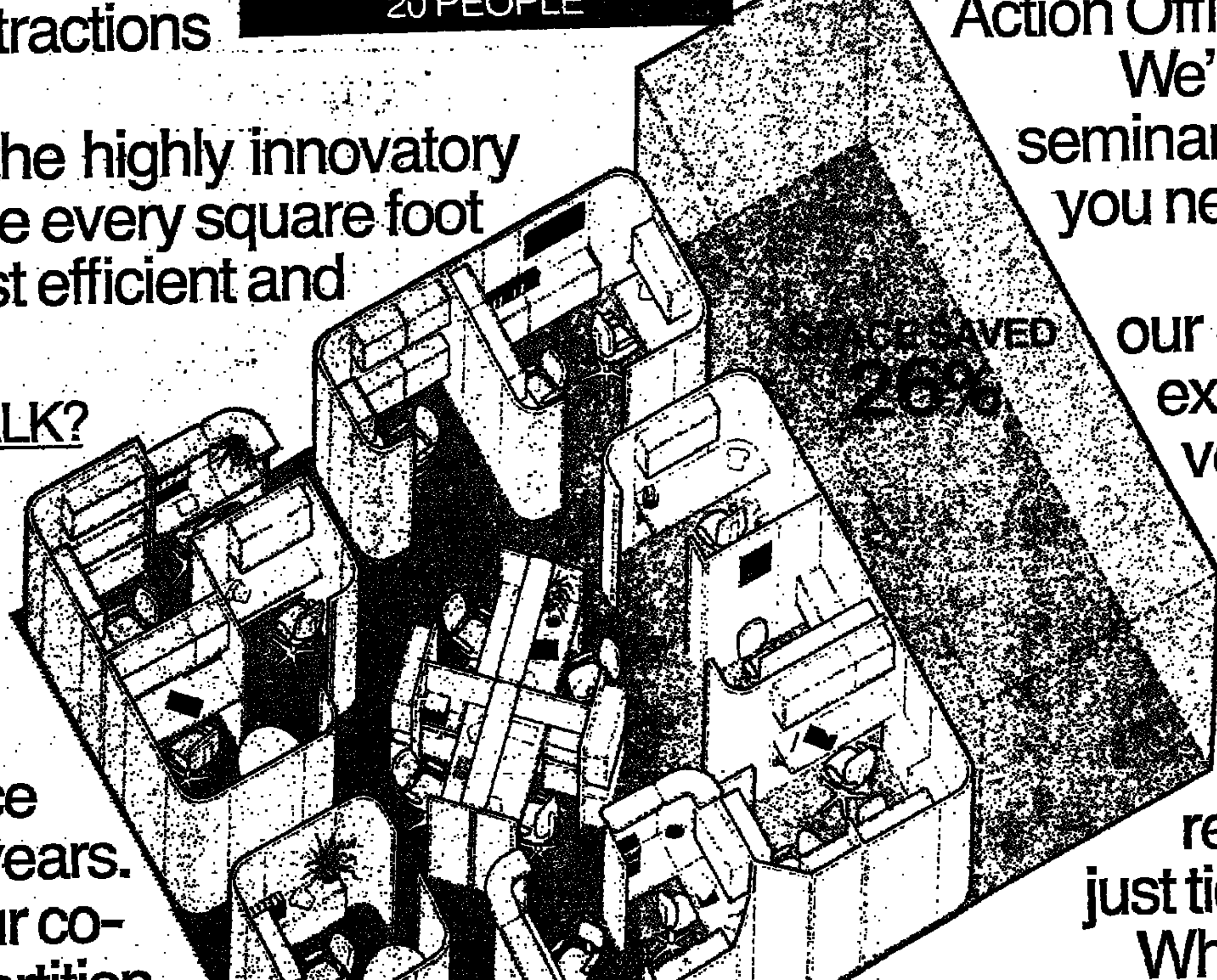

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President faces rough ride on Capitol Hill

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Ronald Reagan faces a rough ride on Capitol Hill, where Congress reconvenes today after its summer recess, and there is a distinct possibility that his winning coalition of solid Republican support and rebel conservative Democrats may crack under the pressure of looming economic and foreign policy problems.

The Administration's pre-recess euphoria over its initial tax and public spending cut measures has evaporated into rueful admissions that the 1981-82 Budget deficit will be much nearer $60bn (£33bn) than the $42.5bn target.

Also, it is worried that Mr Reagan will be unlikely to meet his earlier pleedge to balance the Federal Government's books by 1983-84.

The Administration is now looking for further 1981-82 spending cuts and possible increases in indirect taxes (in contrast to direct income and corporate taxes which have cut).

But Concress is unlikely to welcome either, even though legislators are aware of the implications of wider Budget deficits and greater Government borrowing for interest rates, the level of economic activity and the rate of inflation.

Congress has already agreed to lop $35.2bn off 1981-82 public spending. But, in meetings yesterday with President Reagan, Mr David Stockman, the Budget Director, is preparing to "come back to the vineyard for a second pressing," as one newspaper put it, and reaction on Capitol Hill may be sour

For the first time this year, the Stockman scalpel is hovering over the defence budget Inrisions in this area would please Democratic Liberals, but dismay many of the Republican faithful and convervative Democrats on whose regular defection on economic issues Mr Reagan has come to count

This is despite the fact that any defence spending changes would not be actual cuts but rather a scaling back of the $188.8bn defence outlays proposed by the Administration for 1981-82—a record $30bn peacetime increase over current military spending.

The Administration's first real setback in Congress could come over the proposed sale of sophisticated Advance Warning and Control System (Awacs) radar aircraft to Saudi Arabia. The proposed sale is opposed by supporters of Israel in both U.S. political parties.

Mr Menahem Begin, Prime Minister of Israel, arrived in Washington yesterday for talks today with President Reagan, but the Israeli leader can be expected to fuel opposition on Capitol Hill to the Awac's sale.

It would take a majority in the House of Representatives and the Senate to block this sale by the end of October. But straw polls earlier this summer indicate there may be precisely such an anti-Awacs majority, unless the Reagan Administration places some major restrictions on Saudi use of the radar aircraft.

Mr Reagan's winning streak so far in Congress has been on economic issues, on which he has succeeded in focusing the legislature's attention.

This focus is now expected to be blurred with foreign policy problems, such as the Awacs sale, and the uncertainty of Mr Reagan's managers on Capitol Hill as to how long they can restrain the Republican right-wing from pursuing their cherished and divisive social goals.

These include the banning of abortion and racial integration by means of busing school children.

COMPANY NOTICES

Canada likely to send troops to Belize

By Hugh O'Shaughnessy

CANADA is expected to send troops to Belize after the last British colony on the continent of America becomes independent on September 21.

An announcement is awaited shortly about the dispatch of a Canadian military training detachment to assist the small Belize defence force. It will join the British garrison which will stay on after independence.

On Monday night Guatemala broke all ties with the UK in protest over Westminster's decision to grant independence to Belize. The five British consular officials in Guatemala City have been given until Monday to leave the country.

As independence day approaches, Britain is continuing its efforts to get together a multinational military team, possibly including U.S. forces, which would act with British troops as a trip wire for any incursion from neighbouring Guatemala.

Guatemala has said it will not recognise Belize, over which it has been claiming sovereignty, as an independent nation, although General Romeo Lucas, the Guatemalan President, has said his country will not invade Belize.

Worries about the security of its horders has stirred up opopsition in Belize to independence. The country has a total population of 140,000 and a defence force of less than 1,000. Guatemala, an oil exporting country, has a population of nearly 7m and forces whose armaments have recently been modernised.

Cabinet appointed in Bolivia

LA PAZ — Bolivia's new Head of State, General Celso Torrelio Villa, announced his Cabinet last night and pledged to restore democracy within three years.

Gen. Torrelio was sworn in last Friday. He was chosen by the three-man ruling military junta of which he was a member that took power from Gen. Garcia Meza on August 3. Gen. Garcia Meza was forced to resign after a military rebellion.

Gen. Garcia Meza's seizure of power in a coup almost a year ago ended two years of democratic rule and overthrew the caretaker Government of Sra Lidia Gueiler. Since then, Bolivia's economic crisis has deepened and the country has suffered international isolation.

The new Cabinet includes many members of the previous Government.

Among the appointments is Sr Gonzalo Romero, a leader of the extreme Right-wing Bolivian Socialist Falange Party, as Foreign Minister.

Gen. Garcia Meza has yet to move out of the presidential palace. In the 156 years since Bolivia's independence from Spain, the country has had almost 200 military coups.

The latest power switch comes at a precarious time for Bolivia. The Government's coffers are practically empty, the military is bitterly divided and the country's image has been tarnished by allegations that the Garcia Meza Government was involved in the country's $1bn-a-year illegal cocaine trade.

The export value of cocaine is three times that of tin, the country's leading legal export.

Agencies

Central America aid talks

SAN JOSE, Costa Rica—Government delegations from five Central American countries were meeting here yesterday to discuss a U.S.-backed multi-national plan to provide Central America with urgently needed economic aid.

Details of the aid programme have not been disclosed. It was first proposed by Sr Jose Lopez Portillo, President of Mexico, when he visited President Ronald Reagan last June in Washington. It later received the support of Canada and Venezuela, as well as the U.S.

Mr Stephen Bosworth, Under Secretary of State for Latin American Affairs, who is in Costa Rica as an observer, said the two-day meeting, which began on Monday, represented an important step in the process of formulating a development plan for Central American and countries in the Caribbean zone.

Representatives from the U.S., Canada, Mexico and Venezuela, along with officials from the World Bank, the U.S. Agency for International Development, the Economic Commission for Latin America and the Latin American system were also attending.

AP

Reagan's plans to liberalise air fares in doubt

THE FUTURE of the U.S. Govenment's strategy for liberalising fare and route-setting arrangements in international aviation is in doubt, according to Mr Marvin Cohen, chairman of the Civil Aeronautics Board.

"I have to say that the jury is out. The Administration is being pressed rather strenuously to pull back from a competitive policy and so far they have not really decided what to do," explains Mr Cohen, the Liberal Democrat lawyer who was appointed to the board by Mr Carter and who leaves office to return to private law practice next week.

For Mr Cohen, these doubts represent a turnaround. Six months ago, he was assuring audiences that he had been given the nod from the Reagan Administration that it would "push forward with vigour" in seeking to apply to international aviation the goal of fare and operational deregulation which has been so dramatically applied to domestic aviation in the past three years.

Mr Cohen says he has seen signs for some time that Administration officials may be wavering in their commitment to deregulation, as it might be applied to the international sector, following unprecedented lobbying by five U.S. airlines which have blamed the deregulation objective for a crisis in their finances.

Foremost among the lobbyists have been Braniff International and Pan American World Airways, both of which are still tottering on the edge of possible bankruptcy.

The hardest indication so far of a crumbling of will within the Administration is a recent request from President Reagan to the CAB to delay for the second time this year the implementation of an order removing from airlines on North Atlantic routes immunity from anti-trust prosecution, should they choose to take part in the fare and service-setting conferences organised by international bodies like Iata (the International Air Transport Association).

Most ominous of all is the fact that the order should have gone into effect on September 15, the same day that Mr Cohen leaves office—indeed, Mr Cohen delayed his unforced departure from the CAB to ensure that this final piece of his deregulation strategy would be complete before he left.

Now the CAB is wrestling with the challenge of whether it should ignore the President's request, something it has the power to do, but which would be an extremely serious step. A decision will have to be taken later this week.

With a new chairman, Mr Dan McKinnon, a Denver radio station operator with no background in aviation, taking over from Mr Cohen, the likelihood must be that the board will do the President's bidding. Mr Cohen will be left with the option to publish an angry dissenting report as a departing shot.

The background to the anti-trust immunity issue is convoluted, but certain to become of increased significance. Fo, the last 30 years, U.S. airlines serving foreign countries have had theoretical exemption from antitrust law, but in practice they have not been allowed to take part in Iata, because of pressures, implied or actual, from bodies like the CAB.

Mr Cohen decided to tighten the U.S. hostility to what it sees as the international cartel of Iata further by lifting the anti-trust immunity, a position later modified to cover only U.S.-Europe services.

The reason the issue has become so important is that with losses mounting on the north Atlantic, the U.S. carriers involved would almos certainly jump at the chance to join Iata and improve their profits. The

Mr Marvin Cohen (right), who retires next week as chairman of the U.S. Civil Aeronautics Board, talks to Ian Hargreaves about antitrust immunity

three main carirers involved are Pan Am, TWA and Braniff, plus a crago airline, Flying Tiger.

Iata, of course, would like the mto join as would most of the European airlines — who have seen their own profits dashed by Mr Freddie Laker and rocky economies on both sides of the Atlantic.

So, the theory runs, if the Administration delays the CAB's anti-trust order, it is simply preparing the ground to legalise Iata on the north Atlantic and then presumably on other international routes—a development which would be of immense significance for the world airline industry.

This hypothesis, however, may be too stark. For a start, Mr Cohen is ready to admit from the deregulators' viewpoint, that some changes may be necessary in the way deregulation has been applied internationally—mainly through the bilateral route setting agreements between countries, such as the Anglo-U.S. Bermuda agreements.

Mr Cohen, for example, thinks that the U.S. carriers have a point when they complain that their foreign carriers, many of them state airlines, get cheap loans to enable them to buy aircraft. He also admits the U.S. should in future be "a little more conservative" in the strings it attaches to the rights it concedes to foreign carriers serving the U.S.

He has also, he says, been concerned about the cut throat pricing war on the Atlantic, but beileves it will right itself through the market eventually.

These shortcomings in the liebral position are, however, he maintains "discreet problems," which can be dealt with separately without undermining the overall liberal system.

From the other side, it may be premature to forecast the Administration's position on airline regulation. Mr Reagan's letter requesting the delay in the antitrust order was justified on the grounds that it would please foreign governments, who had to be kept sweet during the U.S. air traffic control strike. This may be overstated, even bogus, but it stopped well short of declaring a change in policy.

Furthermore, Mr Cohen concedes that his worries about a changing administration position have not thus far at least had any impact upon the major bilateral negotiations now taking place between the U.S. and Japan on air rights — negotiations which involve a crucial test of the liberal approach to resolving international air problems by being more liberal in route and price policies rather than defending existing positions.

Mr Cohen also thinks there is some room for comfort in the fact that the airline deregulation Act provides a strong statutory basis for the liberal policy. He argues that although several carriers detest his policies, others support them.

Mr Cohen also strongly disputes the airlines' case that he has not effectively policed existing bilateral agreements, pointing to the tough position he has taken on problems in Korea and Taiwan on behalf of American carriers.

Statistically, Mr Cohen has at least a case which argues that, in spite of a lowering of the proportion of U.S.-originating passengers on the Atlantic services in the last two years, American carriers have actually done quite well in terms of market share.

But at bottom, the dispute is philosophical. Can airline de-regulation work in foreign skies cluttered with state backed carriers as well as it has in U.S. skies, where large, flabby carriers have been forced to perk up or perish at the hands of aggressive new entrants?

Mr Cohen has given his best shot to back the answer "yes." Now he is going out of the picture and, an ironic by-product of domestic re-regulation, so too will the CAB, in 1982 or 1983.

From that date on, these matters will be decided by some other arm of Government, which may not have the semi-autonomous stature and insulation from lobbying pressures which the CAB has traditionally enjoyed.

World airlines tighten seat-belts, Page 17; Pan Am flights cut, Page 23

Caracas to refine oil in Europe

BY KIM FUAD IN CARACAS

VENEZUELA PLANS to establish long-term supply agreements with European refiners to process the South American producer's abundant volumes of heavy oil, despite domestic political criticism, Dr Humberto Calderon Berti, Energy Minister said yesterday.

Dr Calderon rejected charges by the nation's largest opposition party, Accion Democratica, that the proposed agreements with Elf-Aquitaine of France, ENI of Italy, Veba of West Germany and Brazil's Petrobras violated Venezuelan laws.

He said the contracts would not initially involve Venezuelan share participation in refineries built by European companies to process heavy crudes.

If such agreements arose in future, Congressional approval would be required under Venezuela's 1975 oil nationalisation law.

A high-ranking delegation from Elf arrived here this week to discuss details of an agreement calling for Venezuela to supply about 50,000 barrels a day of heavy oil under a seven-year contract.

Elf would design and build a special refinery and heated tankers. The overall cost is expected to be about $1bn (£555m). The refinery would be located in Marseilles.

Elf is also believed to be considering the possibility of a joint venture with Venezuela's state oil monopoly, Petroleos de Venezuela, for developing heavy oil from the Orinoco oil belt.

So far, negotiations have centred on non-Orinoco oil belt crudes, but industry officials suggest that in future, the Orinoco oil may also be marketed under long-term, supply-refining agreements.

Venezuelan oil industry officials say talks with Elf are "coming along nicely" and the French company has already invested FFr 50m (£4.5m) in preliminary studies with a final agreement expected by next November.

Reuter adds: Venezuelan investments in the Orinoco oil belt were cut 25 per cent to $2.79bn (£1.55bn) in the recently-published Sixth National Development Plan, 1981/85, in the light of uncertain oil revenue prospects.

However, the basic target of producing about 200,000b/d by 1988 remains unchanged.

Mexico defends support for Salvadorean rebels

BY WILLIAM CHISLETT IN MEXICO CITY

SR JOSE LOPEZ PORTILLO, Mexico's President, condemned U.S. intervention in the civil war in El Salavador and defended Mexico's support for the Salvadorean rebels.

Mexico and France recently said that El Salvador's guerrilla-led opposition, which is fighting to overthrow the U.S.-backed junta, was a "representative political force," and that there should be a negotiated settlement to end the two-year war. About 25,000 people have been killed in the war so far.

Nine Latin American countries, mainly the region's military dictatorships such as Argentina, have since attacked the joint Mexican-French statement as interventionist.

Sr Lopez Portillo told Mexico's main trade union leaders on Monday that the country's stance could in no way be construed as interventionist.

He said the rebels were clearly a representative political force, or the junta would not have asked for the U.S.'s support in its bid to defeat them.

The U.S. has 46 military advisers in El Salvador and is supplying the military-Christian Democrat junta with arms.

All Mexico and France had done, he said, was to draw attention to the fact that there were two sides to the conflict.

Editorial Comment, Page 16

Sarita Kendall examines the Indians' demands for recognition of their rights

The Amazonian Indians raise their voices

THE AMAZONIAN Indians are beginning to take their fate into their own hands. At a recent conference in Ecuador of Indian representatives and officials of the eight-nation Amazon Pact, the Indian demands for recognition of their rights far outstripped the appeals of anthropologists and missionaries, who have hitherto been their major defenders.

That the 800,000-1m Amazon Indians can raise their voices loud enough to embarrass governments and negotiate concessions, however small, could be the key to their survival.

The conference, held last month in the Ecuadorean town of Puyo, marked the first pact meeting dedicated to the Indians. Founded in 1978 by those countries with Amazon territory including Ecuador, Peru, Venezuela, Brazil, Bolivia and Colombia, the Amazon Pact has been strongly criticised for its disregard of the original inhabitants of the region.

Many of the Indian recommendations at Puyo were anathema to the government representatives there. The Inter-American Indigenist Institute, which sponsored the meeting together with the Ecuadorean Government, found itself pushed into the background, although even the most vociferous Indians agree that they need all support they can get especially in such countries as Brazil.

The Indians have now formed a joint committee, including indigenous representatives from Brazil, Ecuador and Peru, and intend to ensure that their rights are respected.

The Indians are divided into 300 groups, many with fewer than a thousand survivors. The first Spanish conquistadors to sail up the Amazon reported village after village of Indians along the broad, winding river, but the mapping of the region since then has gone hand-in-hand with its destruction.

The Indians' main grievance is over land and the more roads that are built through it, the more serious this problem becomes. While several countries have legislation allowing title deeds to be awarded to Indian groups, many do not apply it. Instead, governments encourage colonists to flood into the Amazon basin with promises of free land, institutional support and quick profits.

For others, the battle is against bureaucracy. Three major Amazon projects have had to be shelved or revised as a result of protests by Indian groups or pro-Indian organisations:

The strongest Amazon Indian organisations are those in the upper valleys, near the Andean foothills of Ecuador and Peru. Some already have their own development programmes — financed mainly by foreign organisations—as well as teaching in their own languages.

Ecuador's official document at the conference argued that the presence of Indian organisations with decided views on social justice and indigenous rights had been strong enough to influence government decisions.

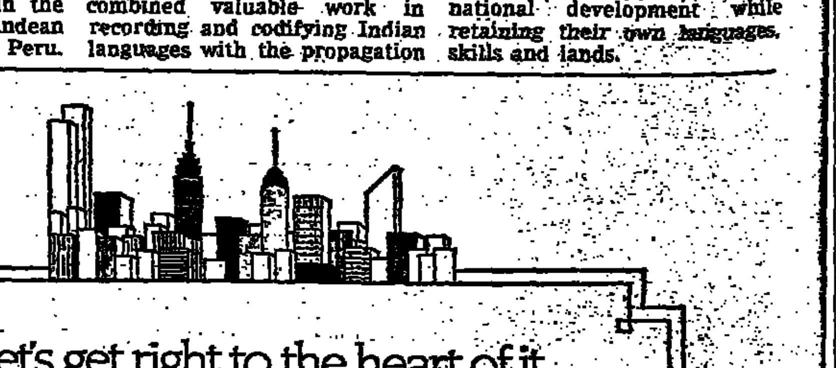
The country has also earned the respect of Indian organisations for another reason. Two days before he died in a plane crash earlier this year, Jaime Roldós, the President of Ecuador at that time, signed a decree giving the controversial Summer Institute of Linguistics (SIL) a year to complete its work and leave the country.

The U.S.-backed SIL, which combined valuable work in recording and codifying Indian languages with the propagation of a fundamentalist, conservative view of Christianity, had been the butt of much criticism by ethnologists.

The Puyo meeting applauded the Ecuadorean decision and called on other Amazon countries to follow Ecuador's example in looking into the activities of missionary groups.

But in Brazil, Indians are murdered and their organisations persecuted rather than encouraged, claimed one of the Indian delegates at Puyo. Bolivia and Colombia did not send Indians to the meeting, claiming that there were no Amazon organisations.

The indigenous groups have repeatedly said they are not asking to be isolated and protected, but to contribute to national development while retaining their own languages, skills and lands.



China may accept Japanese loans and resume projects work

BY TONY WALKER IN PEKING

THE IMPASSE between China and Japan over projects stalled by last year's savage restructuring of the Chinese economy may be nearing resolution.

Gu Mu, a Chinese vice-premier with responsibility for the Foreign Investment Commission, has indicated to Japanese visitors that China would most likely accept a package of loans amounting to some $1.3bn (£684m) so that work could proceed on several large capital construction projects.

The projects are the giant Baoshan steelworks on the fringes of Shanghai and petrochemical works at Daqing in the north of China and Nanjing in the south.

An official at the Japanese Embassy in Peking said the loan offer was conveyed to the Chinese earlier this week in advance of a visit by Susumu Nikaido, chairman of the executive board of Japan's ruling liberal Democratic Party.

Japanese business was surprised late last year when the Chinese bluntly informed companies that a number of large projects such as Baoshan were being stopped or curtailed. Projects affected were worth billions of dollars.

Since then, Peking and Tokyo have conducted long negotiations on the best means of salvaging something from the project cancellations. China had asked for "soft" loans amounting to some $2.6bn to continue the projects.

The Chinese are being forced to accept less than half what they requested and on less favourable terms.

Although details of the loan package have not been released, reports from Tokyo indicate that China is being offered a mixture of long-term low-interest government loans and syndicated commercial bank loans.

If China formally accepts the Japanese offer, it will have to pay interest rates of between 8 and 9 per cent on syndicated commercial loans amounting to some $300m.

The low interest Japanese Government money ranges from commodity loans at 3 per cent to export and import bank credits at 7.5 per cent.

Asked if he was surprised that the Chinese had agreed in principle to accept a package which included commercial loans, a Japanese embassy official said he was surprised in the sense that this was the first time that Peking had agreed to the proposal.

However, he said, the Chinese probably realised that this was the best the Japanese Government could do in the circumstances.

Meanwhile, China has agreed to pay compensation to Mitsubishi over the cancellation of a contract for a steel rolling mill at Baoshan. The amount of compensation is believed to be around $400m, about half that requested by the Japanese company.

'Bargains available' in dry bulk ships market

FINANCIAL TIMES REPORTER

THE FALLING market for large dry bulk ships means that bargains are available for prospective owners, an international shipping conference in Venezuela was told by a U.S. shipbroker.

As an example, Mr William Sauer, president of Florida-based W. P. Sauer, mentioned the Panamax bulk carrier, one of the most popular categories of ships used by fleets of developing countries.

He told a conference in Caracas organised by the International Chamber of Commerce that a modern Panamax bulk carrier sold for $24m in April could now be purchased for around $17.5m (£9.2m).

Mr Sauer added that a similar quality vessel ordered today in Japan for 1983 delivery would cost some $28m. Panamax vessels are around 60,000 dwt and are the maximum size for going through the Panama Canal.

"When market conditions are favourable," said Mr Sauer, "there can be some exceptionally good used ships available at very reasonable prices."

Investment in S. Africa 'shows sharp rise'

By Brij Khindaria in Geneva

FOREIGN INVESTMENTS by transnational companies and banks in South Africa have risen sharply in the last two years, undermining United Nations efforts to weaken Pretoria's apartheid policies, according to a UN report discussed in Geneva yesterday.

The report by the Centre on Transnational Corporations says foreign money is being poured into key South African industrial sectors including coal, oil, electronics, computers and chemicals. The assets of the Barclays Bank group rose by 20 per cent to reach $9.46bn (£5.2bn) in mid-1980 compared with a year earlier, while those of the Standard Bank group increased by 18 per cent in 1979 from $5bn in 1978.

Both groups are diversifying from commercial banking to a wide range of financial services, including merchant banking, hire purchase, leasing, credit cards, management services, insurance broking and unit trusts, the report said.

But some Government delegates at a meeting in Geneva of the UN Commission for Transnational Corporations, which is preparing a far-reaching code of conduct for transnationals, said the report was inaccurate and misleading.

The British delegate said the report's derogatory references to the EEC's code of conduct for transnationals operating in South Africa were incorrect. The code was effectively promoting "peaceful change in South Africa," he added, speaking for the EEC.

Mr Johan Goudswaard, a Dutch expert who is an adviser to the Commission, complained that most of the report was based on newspaper articles and tendentious documents prepared by radical groups, including one entitled: Profiteering from cheap labour. He questioned the impartiality of the centre's findings.

The report debunked claims by some transnationals, including Barclays International that they are helping to improve working conditions for black people.

U.S. Navy may buy British defence systems

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. NAVY may buy a number of UK defence systems, including the Thorn-EMI Searchwater anti-submarine radar and the British Aerospace Hawk trainer.

Mr John Lehman, Jr, Secretary of the U.S. Navy, who has been in London for the past few days for discussions with the Ministry of Defence, said yesterday that he considered the Anglo-U.S. "two-way street in procurement" to be of vital significance for the long-term defence of both countries.

"Both countries must maintain a good spread of efficient defence industries," he said. "But it should be possible to specialise much more than has been the case in the past. We can no longer afford the luxury—if you like to call it that—of duplication of effort."

Mr Lehman said that he had not become involved during his visit in the battle between Marconi of the UK and Gould Incorporated of the U.S. on the heavyweight torpedo contract, which has been awarded to Marconi by the UK Government.

But he said there were other areas of interest to the U.S. Navy. He instanced the Searchwater anti-submarine radar, installed aboard the UK's Nimrod anti-submarine aircraft, and which he described as "the most advanced deployed radar in the Western world."

The U.S. Navy did not have the equivalent of it, but ought to. "We discussed the possibility of eventually using it aboard a U.S. aircraft, to see if it suits our requirements," he said. "If we believe we can use it satisfactorily, and decide to procure it, it then becomes a question of the cost."

As for the British Aerospace Hawk trainer, now submitted to the U.S. Navy (in conjunction with McDonnell Douglas) to meet the competition for a new trainer, the VTX-TS, Mr Lehman said a decision was expected before the end of this year.

The competition would be formidable, however, with such other European aircraft as the Franco-German Alpha-Jet in the running.

Mr Lehman also praised the British Aerospace-McDonnell Douglas AV-8B Harrier, now under development for the U.S. Marine Corps.

There were no plans at present for the U.S. Navy to acquire the aircraft in addition to the Marine Corps, since the latter would use it in a naval role aboard aircraft carriers.

But the longer-term possibility remained of U.S. Navy interest in the aircraft, especially in subsequent developed versions.

Mr Lehman was non-committal about U.S. plans to develop the bigger D-5 version of the Trident missile. "The U.S. plan always was eventually to proceed to a bigger missile," he said, "and we are still studying at what rate we should proceed. I expect a decision in the not too distant future."

Western officials throng Leipzig fair in search of orders

BY LESLIE COLITT IN BERLIN

WESTERN trade officials have been bearing down on the prestigious Leipzig international trade fair, the leading east-west trade function, in an attempt to boost the efforts of their businessmen in winning orders.

M Michel Jobert, the French Minister of Foreign Trade, held talks in the city with Herr Guenter Mittag, East Germany's leading economics official, as France attempted to build on its recent successes in selling East Germany turnkey chemical factories and vehicle components plants.

West Germany's Economics Ministry, which conducts trade with East Germany through the inter-zonal trade office in West Berlin, is represented traditionally in Leipzig. Visits have also been made by economics officials from several West German states.

President Erich Honecker, East Germany's leader, held what have become regular talks at the stand of West Germany's Hoechst Chemical company, where he spoke of a rosy outlook for East-West German trade.

Herr Honecker sat at an enormous conference table inside the Hoechst stand and addressed his remarks to Dr Rolf Sammet, chairman of Hoechst, and Herr Klaus Boelling, West Germany's new permanent representative in East Berlin.

Dr Sammet said that Hoechst had completed construction of the Buna II chemicals plant in East Germany, and other projects were under discussion. His meeting with Herr Honecker was not to announce "new, spectacular projects" but to say that "everything is proceeding smoothly."

Herr Honecker also visited the British and American stands at the fair, as well as the displays of several dozen East and West European companies.

West German companies have lost several large contracts this year to competitors in Austria and Japan, but Herr Honecker said he was convinced the chemical industries of West and East Germany would continue to be the driving force in trade between the two German states.

The East German leader said East-West German trade this year will top DM 12bn (£2.72bn), which he said was a "noteworthy volume at a time of zero and sub-zero growth." He noted that it would "certainly be possible" to assure higher volume in the future, as East Germany plans an annual growth rate of 5 per cent in the next four years.

During the first half of this year, trade between the two Germanies rose nearly 4 per cent to DM 5.9bn. East Germany achieved a small but important surplus of DM 192m, thus reducing its overall indebtedness to West Germany to DM 3.7bn.

West German deliveries to East Germany rose 6 per cent, while East German sales to West Germany were up only 3 per cent over the same period last year. West German trade officials said that, after eliminating price rises, intra-German trade had gone up by 1.5 per cent "at the most," after expanding 18.7 per cent last year to DM 11.7bn.

West German coal deliveries to East Germany continued to grow, in the absence of Polish coal, which East Germany normally receives.

Although large contracts for West German companies are not in the offing in East Germany, the bulk of trade between the two countries is conducted by medium-sized and smaller companies in West Germany.

A powerful support for East-West German trade is the annual interest-free "swing" credit, which either side can use to order goods from the other of up to DM 850m in excess of goods it has sold. This amount will automatically decline to DM 200m at the end of this year, if the arrangement is not re-negotiated.

East Germany takes full advantage of this facility and both sides are expected to begin talks on its renewal this autumn. However, West Germany also wants a reduction in the amount of money East Germany requires West Germans and West Berliners to exchange into East German marks before visiting relatives and friends.

The fee was quadrupled last November, and led to a 50 per cent decline in the number of West Berliners visiting the East. Bonn, while not linking the two items, has made it plain that progress in one area would mean progress in the other.

Finnish-Soviet power plant venture abandoned

BY LANCE KEYWORTH IN HELSINKI

PLANS BY Finland and the Soviet Union to co-operate in the building of a nuclear power plant in Libya have been buried quietly.

Although Imatran Voima Oy (IVO), the Finnish state power utility, said that no firm decision had been made, it indicated that delays on the project had led to it being effectively abandoned.

The original project called for IVO to do the construction work and provide the instrumentation, while Atomenergoexport of the Soviet Union would supply the reactor. The Finnish share of the work would be worth FMks 1.5-2.0bn (£180-£240m).

In 1980 Libya approached IVO directly, asking for consultants to help with Libyan nuclear power plant procurements. IVO refused as it wanted to maintain co-operation with Atomenergoexport.

But when, a year ago, IVO discussed the Libyan joint venture with the Soviet group, it was evidently told that the Finnish offers were too expensive.

Italy joins Russia in energy co-operation

BY JAMES BUXTON IN ROME

ANSALDO, the Italian state-owned engineering company, is to operate jointly in third markets with the Soviet company Technopromo Exports, which exports energy systems.

Under an agreement signed in Helsinki, the two have agreed to co-operate in the fields of thermal power stations and hydraulics.

Ansaldo said that the two concerns are bidding jointly for a contract to supply a 350MW power generating set for an unnamed Mediterranean country. It did not elaborate.

The two concerns see possibilities for collaboration in South America, North Africa and the Far East.

Ansaldo, which is part of the IRI-Finmeccanica group, is one of Italy's leading manufacturers of energy equipment and like many other Italian state-owned and private groups, has extensive links with East bloc countries.

This latest agreement appears to break new ground in co-operation with the Soviet Union.

ECGD to back GEC turbines in Bangladesh

By Our World Trade Staff

GEC Gas Turbines of Leicester is to provide gas turbines to the Bangladesh Power Development Board, supported by a Williams and Glyn's Bank credit of £12.8m to the Bangladeshi authority.

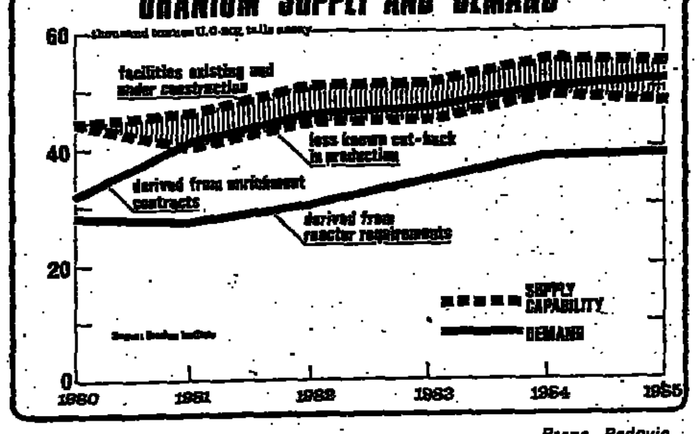
This will be backed by the Export Credits Guarantee Department, the first time the ECGD has guaranteed a buyer credit made to Bangladesh.

The turbines are for the Ashuganj combined cycle power plant and are expected to be commissioned in mid-1983.

ENERGY REVIEW

The U.S. gives a boost to the nuclear export market

By David Fishlock, Science Editor



Brane Radovic

Uranium, key indicator of international nuclear trade, shows relatively little growth for the next four years. Right: Dr Sigvard Eklund, director-general of the International Atomic Energy Agency, watchdogs for nuclear weapon proliferation.

"THE U.S. is once again eager to play a role of world technology leader in the nuclear export market. This will mean not only appropriate support for export opportunities but also pursuit of co-operative understandings with other nuclear suppliers that will enable U.S. manufacturers to compete on an equal basis."

This assertion, by a senior State Department official, concluded an address to the Uranium Institute's annual symposium last week. Mr James Malone, assistant under-secretary for oceans and international affairs, and a key figure in shaping U.S. views on the control of nuclear weapon proliferation, was heralding a major change in U.S. policy.

Ironically enough, although the U.S. was well represented in his audience in London, the Uranium Institute itself has virtually no U.S. members. This international "thinktank," uniting customers for nuclear fuel with the uranium suppliers since the mid-1970s, has met severe problems in attracting U.S. members.

This is in spite of the fact that the U.S. not only has the world's biggest nuclear manufacturing industry and biggest nuclear power programme, but is the western world's most abundant source of uranium, and is likely to remain self-sufficient at least for the present decade.

Two major factors above all have discouraged U.S. uranium customers and suppliers from joining the Uranium Institute. One was the maelstrom of litigation over uranium supply contracts, now almost ended. The other has been a highly ambilalent U.S. Government attitude towards nuclear energy since the mid-1970s, reinforced by uranium import restrictions which closed the world's biggest market to other suppliers.

So U.S. participation can take neither credit nor blame for the fact that Mr Malone's statement on Friday reflected so closely the conclusions of the "thinktank" itself, as expressed in a series of influential papers on the controversial issue of international trade in nuclear technology and fuel.

Mr Malone assured the symposium that the U.S. Government would:

1 — Give comprehensive authorisations for requested re-transfers of nuclear fuel before it had entered a reactor, thus removing a large element of uncertainty for the nuclear industry today.

2—Promptly approve requests for re-transfer of spent nuclear fuel to Britain and France for reprocessing.

3—Phase out the embargo on uranium imports to the U.S., and revitalise the U.S. nuclear power industry as a customer for uranium.

A protracted international debate about the risks and rewards of nuclear energy has done nothing to change a view already well established when the Uranium Institute was born in 1975. This is that, no matter what the public perception of nuclear risk, the genuine risk still is the further spread of nuclear weapons. Fear of this risk even led this spring to one country bombing another's nuclear plant.

The close and inseparable bonds between the technologies of nuclear power and nuclear weapons were confirmed by the U.S.-inspired International Fuel Cycle Evaluation (INFCE) in 1977-79, which demonstrated so conclusively the futility of trying to proscribe a technology, or of searching for that latter day alchemist's stone, the "technical fix."

But Mr Malone said he wished to make it clear that a re-invigorated U.S. presence in international nuclear trade was "not going to be purchased at the expense of a weakened pursuit of our non-proliferation objectives."

One way in which the Reagan Administration would differ from its predecessor would be in working with other nations to prevent transfer of sensitive or weapons-related materials and technology to nations presenting a particular proliferation worry.

In other words, U.S. non-proliferation policy would distinguish between one nation and another "just as we traditionally adapt other elements of our foreign policy to the concrete realities of distinct situations." And there were to be no more attempts to dictate policy on nuclear exports, he promised. "Any attempt to dictate the shape and content of world nuclear commerce by unilaterally imposing conditions was bound to fail."

Mr Malone then turned to the Israeli bombing of Iraq's research reactor and the consequence of one country's lack of confidence in international safeguards preventing its neighbour from developing nuclear weapons. "Even in terms of the narrowest self-interest, nuclear suppliers must recognise that a half-billion dollar installation that now runs an increasing risk of being blown up simultaneously becomes a project which is that much less likely to be built in the first place."

The U.S. Government shared Israel's concern "over the possible future direction of the Iraqi nuclear programme," he said. But it believed that the greatly strengthened safeguards to be imposed once the reactor began operating would have detected any diversion of nuclear fuel into weapons.

Neither violation of, nor withdrawal from, international safeguards was a likely option for the near term because it would mean an abrupt end to assistance from Italy and France. "For the middle and long term, the burden of dealing with the proliferation potential of situations like the Iraq one have to fall, in the first instance, on diplomatic effort."

Just how great a diplomatic effort may be required was indicated by Dr Adnan Mustafa, from Syria, assistant secretary-general of the Organisation of Arab Petroleum Exporting Countries since 1979.

Citing an Arab estimate that the developing world would need 36,000 MW of nuclear capacity by the end of the 1980s, costing a cool $67bn, Dr Mustafa pleaded for intensive pressure on international investment bodies such as the World Bank to ensure that the funds were available. "By so doing these financing bodies will fulfil the objectives for which they were established and pave the way for a collective step towards the promotion of worldwide responsibility in the energy field."

Other speakers were less sanguine about the idea of so rapid a transfer of nuclear technology to the developing world. For one thing, Israel had set an example with its own brand of control against nuclear proliferation which might encourage similar acts of war against unfriendly neighbours pursuing nuclear power projects in politically unstable areas such as the Middle East. For another, few have electricity grids capable of supporting the big reactors —600 MW or more—that are commercially available today.

> Israel has set an example with its own brand of control against nuclear proliferation which might encourage similar acts of war

M Pierre Despraries, chairman of the Institut Francais du Petrole in Paris, said the stark reality was that developing nations were bound to remain dependent on oil for some while yet. In his view the biggest contribution which the industrialised world could make to the energy plight of the developing nations was to minimise the demands they themselves made on oil, by turning as quickly as possible to alternatives — especially nuclear power.

Morality has been claimed as the preserve of opponents of nuclear power for the past few years. Public confidence in nuclear energy has been undermined in some industrialised nations—notably the U.S.—not by the facts of accidents but by playing up fears of what might happen.

"Nuclear power was the first industrial technology whose safety was preplanned as an integral part of its development, whose protective measures were deliberately excessive in their conservation, and whose regulation had as central tenets public information and participation in decision-making," said Mr. Marcus Rowden, the nuclear lawyer who was chairman of the U.S. Nuclear Regulatory Commission for 1975-77. Yet the outcome in terms of public acceptance had been "sadly disappointing."

It left the public apparently unprepared for the idea that accidents could happen at all. Moreover, in Mr. Rowden's view, the "procedural obsolescence" in the regulatory process added up to delays and cost, which all helped reinforce ideas that nuclear energy must be unsound.

Dr Mason Willrich, internationally respected for his studies of the problems of proliferation and now vice-president for planning for a Californian utility, described the Reagan Administration policy for non-proliferation as "welcome recognition of the limitations of the assertive unilateralism of the Carter Administration." U.S. policy must be founded on the "strongest achievable international concensus," made even more urgent by the Israeli initiative.

Dr Willrich urged the U.S. to press for early agreement on an international plutonium storage scheme and for an international collaboration to develop its fast breeder reactor. (He hinted, however, that the Reagan Administration had got its priorities wrong in putting funds into the breeder before cleaning up Three Mile Island.)

The signs point to a buyer's market in international trade in nuclear fuel, plant and fuel services "with oversupply and increasing competition for scarce orders," said Mr. David Fischer, lately retired as director of external relations at the International Atomic Energy Agency.

The accompanying curves for one key indicator, uranium, prepared by the Uranium Institute itself, establish his point. Oversupply problems are being accentuated by attempts by some major purchasers to off-load supplies they were forced to commit themselves to, under long-term contracts on which the producers had insisted, added Mr Fischer.

One of the most promising mechanisms for future consensus in international nuclear trade is the Committee on Assurance of Supply (CAS), offspring of INFCE, convened under the aegis of the IAFA. With its three meetings so far, CAS, said Mr Fischer, had already got nuclear nations discussing supply and safeguards operating amicably and openly instead of behind closed doors. Many delegations had stressed its value as a safety valve.

What is more, he reminded the symposium mutual interdependence in developing peaceful nuclear programmes had "always been one of the strongest barriers against weapons proliferation."

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Cable & Wireless reports slight rise in profits

BY GUY DE JONQUIERES

CABLE AND WIRELESS, the state-owned telecommunications company in which shares will be offered to the public this autumn, yesterday reported a slight rise in pre-tax profits to £62m (£61m) for the year ended March 31.

It also announced plans to shed up to 40 per cent of its 2,000 London headquarters staff during the next three to four years as part of a programme to decentralise its worldwide operations. It has made a £10m provision in the report and accounts for redundancies.

Mr Eric Sharp, chairman, said that profits last year were depressed by the strong pound. The company, which does almost all its business overseas, increased its turnover to £293m (£254.8m).

The report and accounts contain an extraordinary charge of £68m, representing deferred UK tax liability arising from the recent restructuring of the company's franchise operations in Hong Kong and Bahrain.

The two operations, which are together the largest source of Cable and Wireless' revenue and profits, have been turned into joint ventures with local interests. The company will receive more than £125m from the transactions, and the after-tax surplus of some £50m will appear as an extraordinary item in next year's accounts.

Mr Sharp would not give any forecast of Cable and Wireless' performance this year in advance of the forthcoming public share offering.

The Government plans to offer for sale almost 50 per cent of its Cable and Wireless holding, which it hopes will raise more than £100m. The precise timing and terms of the offering have not been announced.

Mr Sharp said that most of the planned reduction in headquarters staff would be achieved by early retirement and natural wastage. The 40 per cent cut envisaged took account of the small number of new jobs expected to be created by the project to set up an independent UK communications network, in which Cable and Wireless is a leading partner.

The consortium, which also includes British Petroleum and Barclays Merchant Bank, has applied for a Government licence to operate the network and seems confident of getting approval soon.

Pressure for overseas link

THE Cable and Wireless consortium which plans to operate an independent UK business communications network in competition with British Telecom is pressing the Government to allow it to extend the planned service internationally.

Cable and Wireless said yesterday that the consortium, whose other members are British Petroleum and Barclays Merchant Bank, would only pursue its request for a Government licence for the network if it included an international "gateway."

The consortium is understood to be interested initially in seeking a link with the liberalised U.S. telecommunications system. Extending the service to continental Europe would probably be more difficult because of the strict monopoly regulations in force in most countries.

Goldfinger warms the bullion bugs' hearts

By David Marsh

AN AUDIENCE of 250 gold analysts, bullion bankers and assorted yellow metal enthusiasts purred appreciatively in London yesterday at the news that they, at least, would not be suffering from unemployment during the harsh 1980s.

The message, contained in a lavishly presented forecast of gold market trends commissioned by the giant South African mining group Anglo American, was that the price of bullion would continue to move reassuringly in the right direction—upwards.

Dr Horace "Woody" Brock, who has spent the last 10 months carrying out an analysis around the world, told his listeners that there was a nearly 50 per cent chance that by 1987 gold would be selling for between $1,024 and $1,124 per ounce.

This was at 1987 prices, assuming an average inflation rate of 9 per cent a year. The odds were 99 to one against a gold price of under $872 by 1987.

Dr Brock, billed by Anglo American as "a specialist in the theory of the economies of uncertainty," is the president of a Californian company called Strategic Economic Decisions.

The study cost Anglo American between $200,000 and $250,000, according to Mr Dennis Etheredge, chairman of the group's gold and uranium division, who said yesterday it had been "money well spent."

Stressing that his forecasting had left few stones unturned, Dr Brock said his technique hinged on an assessment of between 45 and 50 international price influences ranging from the chances of world war (happily ruled out) and of unrest in the South African mines to fashion jewellery trends among new wealth creators in the U.S.

Apart from topics like interest rates and growth prospects, one of the key questions put to financial and gold experts in 14 world capitals was, he said, whether Americans wanted to look like Nancy Reagan "by trading out of blue jeans into link bracelets."

At the heart of the forecasting method—which according to the Anglo American blurb is more "future-oriented" than conventional techniques—is a series of supply-demand curves covering likely gold market patterns at different prices in the future.

Dr Brock confided that his system incorporated a total 9.4bn different supply-demand combinations—but he didn't have time to go into them all yesterday.

Although he peppered his presentation with liberal references to the impending bankruptcy of social security systems worldwide, Dr Brock said he was not a gold bug, but would nonetheless bet his own money on the forecast.

Commercial vehicle registrations decline

BY KENNETH GOODING

THE SEVERELY depressed conditions which will precipitate a further substantial shake-out in the British commercial vehicle industry are outlined today in statistics from the Society of Motor Manufacturers and Traders.

There was a continued decline in registrations in August. Compared with the same month last year, sales were 12.5 per cent down from 28,482 to 24,198.

The rate of decline might have slowed, however, because so far this year commercial vehicle registrations have slumped 24.4 per cent from 196,460 to 148,506.

The worst affected area is that for trucks over 3.5 tonnes where registrations have fallen by 35.5 per cent from 46,466 to 29,983 in the first eight months of this year.

It is against this background that BL is considering major cuts within Leyland Vehicles, its commercial vehicle subsidiary. Announcing the half-year results recently, Sir Michael Edwardes, chairman, revealed Leyland suffered a £47m loss against a £7m profit for the same period of 1980.

He warned: "The cost base of our UK truck business is too high, and unit costs will need to be reduced significantly if we are to be competitive."

In the first eight months, Leyland's registrations fell by 36.5 per cent from 10,212 to 6,486.

An even worse experience has been suffered by ERF, the remaining independent UK-owned truck producer. ERF's registration plummeted by nearly 58 per cent over the eight months from 1,788 to 759.

The group is expected shortly to announce further reductions in capacity and workforce.

Karrier Motors, the former Dodge Trucks operation now jointly owned by French groups Talbot and Renault, has already announced it is to end light van production early next year.

While the UK-based manufacturers are struggling, importers continue to do better in sales terms, mainly because the pound is highly valued compared with most European currencies.

In August, importers took 40.9 per cent of the market compared with 31.6 per cent a year earlier. In the year to date, the importers' share was 30.3 against 24.5 per cent in the same period of 1980.

The Japanese continued to increase their share of the purpose-built van market in August. Compared with the same month last year, Bedford increased Japanese van sales from 259 to 290, Honda from 464 to 655, Mazda from 208 to 488, Mitsubishi from 252 to 287, and only Toyota saw a reduction—from 908 to 867.

Truck dealers have hopes of modest rise in orders

BY OUR MOTOR INDUSTRY CORRESPONDENT

SLUMP could be giving way to a modest upturn in the commercial vehicles market, according to market research carried out by diesel component makers Lucas CAV into dealers' expectations for the next six months.

Nearly half (46 per cent) of a statistically representative sample of UK truck dealers confirmed the view that their orders would increase in the coming months, compared with only 21 per cent in October last year.

Only 21 per cent believed their orders would fall, against 59 per cent last time.

Lucas CAV cited the reasons they gave for this more positive view:

● Interest rates were no longer as high

● Serious inquiries from customers were more frequent;

● Deferred replacement of vehicles was ending.

Another positive sign was that more dealers were planning to increase their sales forces soon than were cutting back.

Lucas CAV has carried out its quarterly survey of dealers for the past six years and has considerable experience of interpreting the responses. It reckons to have one of the most sensitive indicators of trends in the truck market in Britain.

The survey suggests there are signs that in the heavy truck sector (more than 28 tonnes) the stock-order ratio is falling even though stocks of all sizes of commercials at dealers' premises were still very much higher than the order backlog.

Lucas CAV maintains that, with de-stocking completed for some makes, both within dealers and manufacturers, the first slight recovery of demand is having a fairly rapid effect through the supply chain.

It is also logical to expect that the heavy end of the truck market will respond more quickly because the purchase of big trucks represents an important investment decision by the operating company.

In the past sales trends for the heavy trucks have marked the turning point in the commercial vehicle trade cycle.

Not all the UK heavy truck makers would agree with the survey. Neither Leyland Vehicles nor Ford expect to see any significant recovery in sales until well into the second half of 1982. But ERF and Seddon Atkinson have both indicated recently that they feel the worst might be over.

Kleenex producer to set up plant in North Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

KIMBERLEY - CLARK, the Kleenex tissue products manufacturer, yesterday announced plans to construct a £12m factory and a research and development unit, on Deeside, North Wales.

The plant, to be built near Flint, will produce a non-woven base material from wood pulp and polypropylene for industrial and feminine hygiene products. It is due to come on stream in 1983 and to employ 100 people initially, rising to 175 later.

The research and development units will be established in a Welsh Development Agency advance factory on Deeside Industrial Park, Shotton, in November. It will provide 25 jobs at first, but the company hopes to increase this to 75 eventually.

Kimberley-Clark said it had chosen Deeside because of its good communications, labour availability and financial incentives.

Deeside is a special development area because of the rundown of the BSC Shotton works and major redundancies in the local textile industry, which have raised unemployment to 17.5 per cent. Flint itself is estimated to have a jobless rate of over 30 per cent.

As well as receiving maximum regional development grants for the project, Kimberley-Clark is also applying for aid under the Government's Selective Financial Assistance scheme.

The North Wales project is additional to a $30m investment underway to double capacity at the company's manufacturing facilities at Prudhoe, Northumberland, and £9m being spent on modernising operations at its UK headquarters, near Maidstone, Kent.

Investigation into bus services

By David Churchill, Consumer Affairs Correspondent

THE EFFICIENCY audit into the running of four large provincial bus operations was yesterday formally refrred to the Monopolies and Merger Commission by Mrs Sally Oppenheim, Minister for Consumer Affairs.

The investigation, which was announced last month, will be carried out under Section 11 of the 1980 Competition Act. It will be the fourth such inquiry into a public body carried out under that act.

The operators involved are: the City of Cardiff Transport, the West Midlands Passenger Transport Executive, and two National Bus Company subsidiaries, the Bristol Omnibus Company and the Trent Motor Traction Company.

The Department of Trade said yesterday that the inquiry, which is due to last six months, will "cover the principal aspects of the undertakings' efficiency in supplying local bus services." The Commission is also being asked to consider whether any of the operators are abusing a local monopoly position.

The terms of reference given to the commission include examining the flexibility of working practices and the efficiency with which manpower and vehicles are used, the maintenanceof vehicles, and how capital investment decisions are made.

The commission also has to decide whether the operators are "pursuing a course of conduct against the public interest."

Scottish Mutual premium rates reflect hazard of smoking

BY ERIC SHORT

THE FIRST life assurance contract to publish two different sets of premium rates—one for smokers and the other for non-smokers—has been launched by the Scottish Mutual Assurance Society.

Its new increasing protection contract called the Versatile Temporary Assurance Policy shows premium tables where the actuary has attempted to differentiate between the mortality of smokers and non-smokers, allowing for the greater mortality risk of smokers. This has resulted in lower premiums for non-smokers ranging between 10 and 27 per cent.

Life company actuaries, who are responsible for calculating the premium rates for life contracts have consistently avoided differentiating between the various factors affecting mortality in the UK such as place of residence, occupation and race. They have preferred to use mortality rates that are based on aggregate mortality of people taking out life assurance policies.

The only exception to this global approach is the differentiation between the sexes, since women live on average longer than men. For the past couple of decades, life companies quoted lower premium rates for women on life assurance contracts to reflect this lower mortality.

The health hazards of smoking have been widely publicised for many years. British doctors have published tables on the effect of smoking on longevity. But UK actuaries have not until now made use of this in their calculations. This is in complete contrast to life assurance in the U.S., where there are convincing mortality statistics on the effects of smoking and it is common practice to quote two sets of premiums.

Scottish Mutual, the Glasgow-based life company, started operations nearly 100 years ago as the Scottish Temperance Life, offering discounts on life assurance premiums to total abstainers. This discount was extended to smokers several years ago on an ad hoc basis.

INITIAL SUM ASSURED £30,000
MONTHLY PREMIUMS

Male age next birthday	Smoker	Non-smoker	Reduction
35	£ 5.80	£ 5.20	10%
40	£ 9.70	£ 7.30	24%
45	£17.20	£12.40	27%
50	£27.40	£21.40	21%
55	£47.50	£41.50	12%

(The above premiums are eligible for tax relief by deduction of 15%).

Community relations plea to Met Police

BY ELAINE WILLIAMS

THE COMMISSION for Racial Equality yesterday called for a big effort by the Metropolitan Police to improve its community relations.

In evidence to the Scarman inquiry into the Brixton riots, the commission said a new initiative in police-community relations also needed to be accompanied by improved officer training in racial affairs.

"Given such admirable successes as the recent Notting Hill carnival, it is regrettable that the Metropolitan Police still do not appear to be treating the improvement of police community relations with the urgency and priority which is required," the commission said.

Earlier this week the Metropolitan Police, in evidence, outlined plans to include an element on racial affairs in its training course.

The Commission also called on the Government to sharpen its attack on racial discrimination and to tackle unemployment, bad housing, poor schools and grim environments all contributing to racial tension.

Lambeth Council made recommendations to the Scarman inquiry including the setting up of police liaison committees in London boroughs.

Boost for electric vehicles

Financial Times Reporter

ELECTRIC vehicles are attracting increasing interest as petrol price rises continue.

Modern technology enables users of electric vehicles (EVs) to reduce road running costs by as much as 2½p per mile.

This represents a 70 per cent reduction on equivalent conventionally powered vans, run by the Midlands Electricity Board, a pioneer user of battery-powered vans.

The major difficulty of EV makers is to lose the "milk float" image. But Mr P. Hartley, MEB commercial director, said five Bedford vans, powered by Lucas lead acid batteries and controls, averaged 40 miles daily, over 50,000 miles, at an energy cost of one unit of electricity per mile.

The MEB is to carry out more evaluations with the Dodge Silent Karrier, powered by Chloride batteries, which will go into commercial production at Vauxhall in November, with firm orders for 55 vehicles from State industries, laundries, bakeries and municipal authorities. There are a potential 80 more orders and a more regular flow is expected when the vehicle becomes available.

The latest manufacturer of EVs is M and M Electric Vehicles (Atherstone) Staffs. After many years of repairing milk floats and other EVs, the company has entered full-scale manufacture with a two-tonne box van capable of 45 mph, with a range of 70 miles between charges. Annual production of 200 to 250 is planned.

Lord Mancroft severely criticised in inspectors' report

Christine Moir looks at the inquiry into the Gilgate triangle

LORD MANCROFT, a former Conservative Minister who has held many public appointments, including the chairmanship of the Tote, is severely criticised in a Department of Trade report published yesterday on the tangled affairs of two once-quoted companies, Raybourne Group and Gilgate Holdings.

Lord Mancroft and Mr George Percival, a former partner of Robson Rhodes, the accounting firm, were non-executive directors of Gilgate until they resigned early in 1977.

The Department of Trade inspectors, Mr R. A. Morritt QC, and Mr P. L. Ainger FCA, say that "in resigning when they did and on the terms that they did" the two men "allowed personal considerations to override their responsibilities as directors."

The two men resigned after Deloitte and Co, Gilgate's auditors, drew their attention to a series of inter-company transactions with the group, which included two small insurance companies.

The information led Thornton Baker, auditors of certain subsidiaries and later the group's auditors, to as the Registrar of Companies to return the accounts of one subsidiary. Thornton Baer also withdrew its audit certificates on other companies and replaced them with others containing serious qualifications.

Deloitte urged Lord Mancroft and Mr Percival to obtain independent legal advice about the problems. They did not do so. Instead they wrote to the chairman, Mr John Kidd, and when they obtained no reassurance, resigned.

In doing so, the inspectors say, they abandoned Gilgate's shareholders, who must have believed that they would attempt to put right anything which was wrong in the running of the group.

"That is one of the functions of the non-executive director," the inspectors say. "Acceptance of the role should be tantamount to acknowledging that on occasions difficult and unpopular attitudes have to be adopted."

The criticism of Lord Mancroft and Mr Percival is, however, only an aside in the string of criticisms levelled by the inspectors at the main "instigators" of Gilgate and Raybourne, Mr John Kidd, the chairman and a practising solicitor, Mr Christopher Reynolds, the company secretary who has since been excluded from membership of the Institute of Accountants, and Mr David Lucas.

Mr Kidd and Mr Reynolds, and to a lesser extent, Mr Lucas, first acquired control of Raybourne in 1967 in a way which infringed the 1948 Companies Act. When it collapsed as a result of the property crash of 1974, they continued to allow it to trade for three years until 1978 while knowing it to be insolvent, the inspectors say.

Meanwhile, in order to conserve the remaining assets of Raybourne, before it went into voluntary liquidation in 1978, the men misused the resources of another public company, Gilgate and two insurance companies in the group.

They had obtained their shares in Gilgate by another infringement of the Companies Act and in such a way as to flout the Takeover Code by obtaining more than a third of the company without making a full bid.

Throughout this time, the inspectors say, "they did not hesitate to use means to their end which were improper or to resort to deception if it suited their purposes."

The list of misdemeanours uncovered by the DOT inspectors takes up 13 pages. It includes:

- Several breaches of Section 54 of the Companies Act which forbids a company to lend money to buy its own shares.
- Breaking the insurance company Acts by diverting money from an insurance company to other associated companies.
- Failing to keep statutory books, producing false invoices, backdating agreements, falsifying minutes of meetings and misleading auditors and others with deceptive documents.
- Using the accounts of clients of Mr Kidd's legal firm to prop up Raybourne's finances.
- "Cross-firing" cheques so as to obtain more credit from the banks than they knew they were giving.
- Misleading the Stock Exchange, shareholders and others, by pumping up balance sheets, overstating profits and improperly using voting power.

Although the inspector's criticisms are centred on Mr Kidd, Mr Reynolds and Mr Lucas, Thornton Baker is also criticised for failing to exercise proper professional judgment. The firm "accepted without adequate inquiry transactions which were or might have been with related parties" the report says.

The transactions involved insurance companies which are forbidden by law to lend money to associates.

The inspectors note, however, that Thornton Baker critically re-examined its own work and then attempted to put right the earlier omissions.

Another firm of auditors Gerald Edelman, is also criticised for failing "to discover the true facts" about Growth and Secured Life Assurance, a small insurance group, which bought grossly overvalued properties from other companies in the group. Edelman, the inspectors say, "did not carry out adequate audit procedures."

The valuations were carried out personally by Mr Trevor Donaldson, a former senior partner of Donaldson, a well-known estate agent. The report details his valuations but says that it was up to the board of Growth to question his assumptions.

Since the inspectors began their study of the Gilgate tangle, and following their interim report, the three executive directors have been barred by the High Court from acting as directors for varying periods of years, for a multiplicity of defaults under the Companies Acts.

Gilgate has also been compulsorily wound up after a Department of Trade petition, to permit "unsecured creditors to challenge" allegations made by the inspectors that "fraudulent preferences" were given to inter-group creditors to the detriment of outside creditors.

However, the Director of Public Prosecutions has decided against taking any further action against the main individuals.

Department of Trade. Gilgate Holdings, Raybourne Group, Calomefern, Desadeon Properties. Investigation under Section 165(b) of the Companies Act 1948. Report by R. A. Morritt QC, and P. L. Ainger FCA. HMSO 1981. £23 net.

SDP delays decision on leadership election formula

BY RICHARD EVANS AND JAMES McDONALD

THE Social Democratic Party, buoyed by the latest defections from Labour's ranks in Islington, is finding itself in difficulties over the methods it should adopt for choosing its own leader.

A proposal put yesterday before a party sub-committee in London that both the chairman and the parliamentary leader should be elected on the one-member one-vote principle has had to be withdrawn for further consideration.

Dr David Owen, who left the Labour Party partly because of its failure to find an acceptable leadership formula, argued that MPs must have the right to elect their own parliamentary leader and potential Prime Minister.

The matter remains unresolved, although it is still the intention to discuss it at the SDP conference which will take place in Perth, Bradford and Westminster next month. Final decisions will have to be taken at a special constitutional conference next year.

Party leaders welcomed the defection from Labour of Mr Michael O'Halloran, MP for Islington North and 16 local councillors as further evidence of the widening rift within the Labour movement.

The belief is that more defections will follow, particularly if Mr Tony Benn captures the Labour Party's deputy leadership from Mr Denis Healey on the eve of the Labour conference in two weeks' time.

Mrs Shirley Williams said she was delighted at the councillors' decision to join the SDP. "But I am not surprised because the Labour Party is dying of self-inflicted wounds and the doctors are arguing among themselves.

"If Mr Benn's mockery of democracy continues and the Labour conference makes a damn fool of itself, there could be many more Labour councillors joining us."

The defection of the Islington councillors puts the Social Democrats within sight of an overall majority on the council.

Six Labour councillors defected to the SDP in April and if the Social Democrats win a by-election from Labour tomorrow the council line-up will be: Labour—27 seats; SDP—23 seats; Conservative—2 seats.

At a press conference yesterday, councillor Gerry Southgate—one of the 16 and leader of the Labour group on the council until March this year—said up to four more Labour councillors were considering joining the SDP, after the Labour conference.

Mr Southgate said the SDP already controlled the council's housing and social services committees. The group was calling for an emergency meeting of the council next Monday to fight the borough's supplementary rates demand, which it claims is being levied to finance extremist policies.

Mr. O'Halloran, the fifteenth MP to join from Labour, missed the Press conference because of a long-standing medical appointment.

The Labour councillors—all with many years service in the party and on the council—rejected suggestions that they had followed him into the SDP.

"If anyone has followed anyone, it is Mr O'Halloran who has followed us," said one councillor.

The group also stressed that the selection of an SDP candidate to fight the next general election would be a matter for all the Islington members to decide.

All the councillors who spoke yesterday said it had not been an easy decision to leave the Labour Party, but that the erosion of democracy within the Islington party had reached the point where they could no longer remain members.

South Crofty legal action threat

BY JOHN MOORE

SOUTH CROFTY, the Cornish tin mining company whose Stock Exchange listing was suspended in May this year, is threatening legal action in its attempts to gain a relisting for its shares.

The Stock Exchange took its rare action this year when Gasco Investments, master company of Mr Jim Raper, was nearing completion of its take-over of St Piran, parent company of South Crofty.

When the listing was suspended the Stock Exchange said the company had come under the control of Mr J. J. Raper and it was considered undesirable that a company having securities listed should be under his control.

Yesterday it was revealed that lawyers for South Crofty, Hancock and Willis, had written to the Stock Exchange Council's solicitors, Linklaters and Paines, enclosing letters to be forwarded to all 46 Stock Exchange council members. They reminded the Stock Exchange of the reason given for the suspension of South Crofty shares.

The letter, alleging that the reason given for the suspension was "unfounded" says "we are advised by leading and junior counsel that remedies lie both in contract and in tort."

Representative defendants in any future legal action have been named by South Crofty's legal advisers as Mr Charles Eglington and Mr Robin Stormonth-Darling, both council members.

The solicitor's letter asks for immediate steps to be taken to relist South Crofty shares "or at least give us a satisfactory reason for not doing so by Friday September 18."

That date has been set in order that the company can prepare a full report for shareholders for the annual meeting to be held in Cornwall on September 28.

The letter says: "If we receive no satisfactory response or a negative response from you and legal proceedings are the only remedy we feel it proper to report that decision of the directors to the members in general meeting on that date."

The Stock Exchange was yesterday distributing the letter to council members.

New teenagers' model from Raleigh

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TI RALEIGH, the troubled bicycle manufacturer, launched a new model for teenagers, in a move to help stem foreign imports.

The company, which lost £7.7m, before interest, in the first half, has been hit by the collapse of the UK market and the rapid upsurge in imports.

Mr Roly Jarvis, managing director, said the new cycle formed part of a strategy to overhaul the whole product range and increase market share. TI has about 70 per cent of UK cycle output.

The Raleigh Bomber is aimed at 12- to 16-year-olds who account for around 30 peer cent of annual sales. Raleigh believes the new model will serve a neglected market sector.

Children normally move at 12, fro mthe sturdyp Grifter to a sports model with drop handlebars. Raleigh says market research shows teenagers would prefer a heavier, tough bike.

Mr Jarvis said the price of the Bomber—around £95—compared favourably with competition, including imports. "We are offering something different—features which no other bike in this sector currently provides."

Franklin for Trade Department top post

By John Elliott, Industrial Editor

A SENIOR Cabinet Office civil servant involved in Common Market affairs is to be the new permanent secretary at the Department of Trade. He is Mr Michael Franklin, 54.

He will succeed Sir Kenneth Clucas who retires from the civil service in January at the age of 60.

The appointment, which was announced yesterday, makes Mr Franklin a prime candidate to head a combined Department of Trade and Industry if the Government fulfils its ambition to merge the existing separate departments.

Sir Peter Carey, Industry Department permanent secretary, reaches the normal retiring age of 60 in July 1983, which would leave the field clear for Mr Franklin.

For the past four years Mr Franklin has been head of the Cabinet Office's European Secretariat. He is playing a leading role in the UK's current presidency of the European Council of Ministers.

His appointment and Sir Kenneth's retirement, have been postponed for two months from November to January to allow him to complete this work, which includes being the British representative on a "mandate group" dealing with key policy issues.

Mr Franklin has a high reputation in Whitehall and Brussels. Before yesterday's announcement, he was being mentioned as a possible successor to Sir Michael Butler, the UK's current permanent representative to the EEC, who has been tipped for a new appointment in London or Paris.

After spending the first nine years of his Civil Service career in the Ministry of Agriculture, the Cabinet Office, and the Treasury, Mr Franklin served on the UK delegation to the OECD between 1959 and 1961.

He became principal private secretary to the Minister of Agriculture for three years, and held other posts in the Ministry till 1968 when he was appointed deputy director general in the Common Market's agricultural directorate.

Chairmanship refused

SIR DOUGLAS MORPETH, the City accountant who was recently knighted, has refused an invitation to take over as chairman of the Accounting Standards Committee, the body established to set UK company accounting rules.

It had been expected that he would succeed to this job upon the retirement of Mr Tom Watts, the present chairman.

Fisher Price Toys to expand its manufacturing division

FINANCIAL TIMES REPORTER

FISHER PRICE Toys, a division of Quaker Oats of the U.S., yesterday announced expansion plans for its manufacturing division in Peterlee, County Durham, which will triple the factory size and create 400 new jobs by 1984.

Fisher Price started manufacturing in Peterlee in 1978 with the support of the Peterlee Development Corporation and the Industry Department.

The new investment will add 180,600 sq ft of production space to the existing 50,000 sq ft, increasing potential capacity to 8m toys a year.

The expansion will include one of the most modern plastic moulding plants in Europe, comprising 24 machines ranging from 250 ton to 700 ton lock capacity with the possibility of adding another 16 machines later, if required.

The first moulding machine will be installed and be operational in February 1983. One machine a week will come into commission after that. When all 24 are in production, the Peterlee factory will also supply plastic components to a sister company in Belgium.

The company hopes that this, plus the increased export of UK manufactured toys, will result in a net gain of £10m a year to the UK balance of payments.

The building contract has been awarded to Balfour Beatty Construction of Edinburgh. It will start work immediately and plan to finish in October 1982.

Mr Michael Straker, chairman of Peterlee Development Corporation, said yesterday that the investment announcement was wonderful news for Peterlee, the north east and Britain.

"We are delighted that the company shares our faith in Peterlee and its future and is making such a major investment in the region," he said.

The expansion was the largest single investment by Fisher Price in its 50-year history. Mr Straker congratulated the Peterlee management for the ability and success it had demonstrated to the parent company to justify such an expansion.

Accord near on leisure project

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

NEGOTIATIONS ARE nearing completion for the establishment of a major theme park in Corby. An announcement is expected within the next two months.

Theme parks, such as the two Disneylands in America or, on a much smaller scale, Thorpe Park, in Surrey, are leisure areas which are given over to one particular subject. Thorpe Park, a subsidiary of Ready Mixed Concrete, has taken the maritime history of Britain as its centrepiece.

A number of multinational companies are understood to be behind the Corby development, although the local authority would not be drawn on naming them beyond stating that at least one came from outside Britain.

The commercial side is fronted by Group Five, a London marketing organisation. Mr Iain Quicke, its head, said yesterday that there would be "a whole range of leisure facilities, from concert halls and restaurants to sports grounds.

"The theme park will be like a new town. Leisure is becoming the largest thing in our lives," he added.

Corby has been negotiating with the developers for about 10 months and is particularly impressed with the employment prospects such a leisure centre would offer.

The town was talking yesterday about creating 3,000 jobs eventually. Since 6,000 steelworkers were made redundant by the British Steel Corporation last year and unemployment now is nudging 21 per cent, the arrival of a new industry is regarded as a very desirable objective.

The Government has already recognised the need to do something to make the town more attractive as a centre for new industry by designating one of the 11 enterprise zones to it.

Purchaser found for Moon Brothers

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MOON BROTHERS, a small, high precision machine toolmaker based in Birkenhead, has been bought by Eagle Precision Tool which is based in Brantford, Ontario. The purchase saves Moon Brothers from closure, which had been scheduled for July 31 by its parent company, Doulton Engineering.

A new company has been created to be known as Eagle-Moon, which will initially employ 40 people. The company will produce specialist machine tools which are used in the manufacture of automotive silencers, and oil drums.

Mr George Usher, president of Eagle-Moon, says the products will be updated with the technical help from the Canadian parent company and by investment in new equipment in the factory.

Mr Norman Tebbit, Industry Minister, welcomed the development yesterday. He said: "Eagle is recognised, as one of the most effective companies worldwide in this field, and its technology and expertise, together with the skills and experience within Moon Brothers, give every prospect of success and security for its employees."

The purchase and investment in the Birkenhead factory total nearly £1m. The project has received regional development grants from the Department of Industry, which has worked in close co-operation with the Merseyside County Economic Development Office in bringing about the Canadian company's purchase.

Decline continues in building industry

BY MICHAEL CASSELL

THE RECESSION in the construction industry continues with output declining in most sectors according to government figures published yesterday.

The Department of the Environment said that total construction output in Britain during the second quarter of the year was valued at £5.31bn in current prices against £5.19bn in the first three months of 1981.

When expressed in constant (1975) price terms, output fell by 4 per cent from the previous quarter and was running 15 per cent down on the same period of 1980.

According to the department, which confirms a recent inquiry carried out by the National Federation of Building Trades Employers, most parts of the construction industry are still experiencing falling workloads — despite some earlier suggestions that the recession had finallly bottomed out.

New work output in the public housing sector during the second quarter fell by 14 per cent from the previous three months and by 37 per cent on the second quarter of 1980.

Private housing output was up 3 per cent on January-March but 7 per cent down on the same period a year before.

July shop spending at lowest level this year

By David Marsh

SPENDING IN shops in July fell sharply from June to the lowest level this year, according to Government figures published yesterday.

The Department of Trade reported that, based on seasonalyly adjusted data, the volume of retail sales fell 1.8 per cent in July compared with June.

July's index of sales volume was 109.7 (average 1976=100).

Other evidence of sluggish retail activity came yesterday from separate statistics from the department showing that consumer credit business also dropped in July compared with June, although it remained above level earlier in the year.

Credit advanced by finance houses and other specialist companies, together with retailers, amounted to £658m in July, against £674m in June and £607m in May.

Advancee during May-June were 1 per cent higher than during the previous three months. Lending by finance houses and other specialists grew 3 per cent. Loans by retailers fell 2 per cent.

Sick pay proposals rejected

THE National Federation of Sel-Employed and Small Businesses has rejected the Government's revised sick pay proposals as "a prescription for disaster."

Mr Brian Prime, the federation's national vice-chairman, reiterated the federation's stance that employees, not employers, should be responsible for insuring against sickness, with a reduction in the National Insurance contribution allow individuals to make private provision.

EEC threat to auditors

AUDITORS MAY be unable to give tax advice to their clients in future if the EEC adopts an amendment which appears in the latest draft of its eighth directive on company law.

The directive deals with the question of auditors' independence from their clients. The current draft follows French practice in proposing that fees taken for giving advice—on tax affairs or management accounting — would disqualify accountants from carrying out audits for the same clients.

Bottle top plant to close

METAL CLOSURES is to close its Port Talbot, South Wales, factory by the end of the year with the loss of 110 jobs.

The company — which makes roll-on tops for whisky, gin and other bottles — blamed the recession and over-capacity in the European metal closures market for the shutdown.

Stockbrokers confirm link

TWO STOCKBROKING firms which have links back to the beginnings of the London and Scottish Stock Exchanges yesterday said they will merge on September 14. Penny Castello Carlebach and Company, and Easton Watson and Smith will trade as Penney Easton and Company.

Tom Marriott leaves car dealer board

MR TOM MARRIOTT has left the board of Attwood Garages, the Midlands Mercedes and Vauxhall dealer, nine months after taking over as chairman and chief executive.

Mr John Feltham, a director of Attwood which is also on the British Car Auction board, said yesterday that there had been no boardroom split.

SEVEN YEARS' work and accumulative efforts of 177 UK companies was formally unveiled at the National Exhibition Centre yesterday in the form of Thrust 2, the first British car to attempt the world land-speed record since Donald Campbell lost it to the U.S. in 1964.

The 28-ft-long car powered by a Rolls-Royce Avon jet of 34,000 hp is scheduled early next month to attack the 622.407-mph record, set in 1970 by Californian Gary Gabelich, at Bonneville Salt Flats, Utah.

The project, which has cost £800,000 to date, has seen a unique pooling of effort by major UK industrial concerns.

Technology, assembly and other input has come from, among many others, British Aerospace, British Aluminium, British Hovercraft Corporation, British Timken, BL, the GKN group, ICI, Lucas, Plessey, Rolls-Royce, Smiths Industries, the TI group and Wilmot Breeden.

The GKN group has seconded to the project Mr Richard Noble (closest to the camera), its building services division marketing executive, who will drive the car.

To the hardware input has been added the direct sponsorship fund of Initial Services, the industrial workware group; Champion spark plugs, Loctite, Kluber Lubricants and Faberge, the cosmetics concern.

At the launch ceremony, Mr Noble announced the opening of a public appeal for the last £20,000 of the £85,000 cost of sending car and crew to the Salt Flats for the attempt.

He warned that the Project Thrust organisation faced a deadline of September 18 to decide "whether Thrust 2 goes to the Salt Flats or to the museum. It is not possible to reduce our costs any further."

But few among the nearly 400 representatives of companies backing the project who attended the ceremony expected it to be shelved.

THE TUC AT BLACKPOOL

Government counters threat to Polaris

By Philip Bassett, Labour Staff

THE GOVERNMENT is planning to use servicemen to counter any future threat to Britain's nuclear deterrent posed by industrial action by civil servants.

Earlier this year in the five-month-long Civil Service pay dispute the unions pulled out on strike key staff working in the nuclear submarine dockyard at Falsane and Coulport on the Clyde and at Rosyth on th Firth of Forth.

Polaris submarine movements were curtailed, and the Government had to send in the navy to free affected craft.

Plans to replace these key staff with servicemen appear to stem directly from the Prime Minister's statement

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during the dispute that she was determined the deterrent would not be jeopardised.

Military personnel are thought to be keen on the proposal but there is understood to be some reluctance from senior civilian Ministry of Defence officials.

However, the ministry has been pressing ahead with negotiations on replacing staff, mainly members of the Institution of Professional Civil Servants who service the Polaris submarine weaponry and radiological staff engaged in health work on submarine reactors.

Originally, the ministry was understood to be pressing for about 400 replacements but this is thought to have been reduced in talks to about 130. It may well be cut further to between 50 and 100 by the time negotiations are concluded.

Union reaction to the replacement is likely to be heated and may well include a co-ordinated campaign campaign against them, involving the Commons' defence committee and the Scottish TUC. It is likely to focus on the claim that using servicemen instead of civilians costs more.

The unions are also likely to argue that using servicemen, who they believe are already being trained for the work in the U.S., will involve much higher training costs since their system of turns of duty will mean a new group of staff at regular intervals.

Defence cuts 'threaten security'

CUTS IN Civil Service manpower threaten security in defence establishments at a time when the risk of terrorist attack is higher than ever, the Ministry of Defence Police Federation warned yesterday.

Its anual conference at Ayr deplored cuts in the 4,000-strong force. These were being imposed without any thought to the security problems involved, it was claimed.

Inspector Arthur Aitchison, the federation's chairman, said: "Our concern is that people with expert knowledge of the force's activities are not the people who are organising these moves. They are left to those responsible for fiscal policy—in the Treasury.

"Previous governmets have exempted the department's police from cuts. Where numbers were reduced, it was done on the basis of agreement being reached with the chief constable."

The extension of the cuts to the force's Criminal Investigation Department was "ludicrous." It had been shown to pay for itself in the savings it had made in preventing pilferage from ministry depots.

Exhibition pay pact

By Brian Groom, Labour Staff

NORMAL WORKING is to resume in the exhibition industry following an agreement reached between employers and unions on a pay and hours package at the Advisory, Conciliation and Arbitration Service last night.

The agreement between the British Exhibition Contractors Association and the trade union side of the industry's joint national council brings to an end a campaign of half-day stoppages. It provides for a basic rate of £3.09p an hour for craftsmen and £2.78p for labourers.

The working week will be reduced to 37 hours from October 5. There will be an extra payment of an hour's wages at plain time under specified conditions to ensure there is no loss of pay.

It also provides for afternoon tea breaks to be forfeited on three days a week.

Foot defends parliamentary party

Reports by Christian Tyler, John Lloyd, Philip Bassett, Nick Garnett
Photographs by Terry Kirk

MR MICHAEL FOOT, the Labour Party leader yesterday made his most serious public effort to restore his party to sufficient health to fight the next General Election.

After a brief and by now traditional reference to the overwhelming importance of world peace and an insistence that at least a modest reflation was immediately possible, Mr Foot devoted more than half of his speech to the internal problems of the party.

He made a sustained defence of the rights of MPs and of the values to trade unionists of democracy—a defence which won him warm applause and, in the end, a standing ovation.

Mr Foot began by saying that the "greatest question of all, is how we are to stop the nuclear arms race, how we are to lift from the backs of the people of many continents the burden of armaments."

The second issue of almost equal importance was the spiralling unemployment in industrialised countries, estimated to reach 26m by 1982.

Unemployment of that kind had ushered in fascism in the 1930s — but neither Mrs Thatcher nor President Reagan appeared to be paying any attention to it. And he predicted that U.S. monetarism would collapse as "British monetarism has collapsed."

Turning to the domestic scene, Mr Foot said it was not true that there was no alternative to Government policies.

"A great deal can be done and some of it reasonably speedily. Walk through Liverpool and it stares you in the face. You can see young people condemned to a lifetime on the dole."

Mr Foot said that to send Mr Michael Heseltine, Environment Secretary, to Liverpool was like presenting "Jack the Ripper as an ear nose and throat specialist."

The French Government had embarked on an alternative strategy and the Labour Government would adopt similar objectives to President Mitterrand. Mr Foot said that the Government was squandering oil wealth which would run at some £10bn by 1983-84.

He admitted that a programme of expansion would have difficulties—problems of imports, investment institutions and inflation. These were issues under discussion between the Labour Party and the TUC.

Mr Foot said a new agreement between the two wings of the movement would be different from that achieved in 1974 but added: "I am not ashamed of what we did before."

He said the wages policy of 1975—a rise of £6 across the board—"may have had some deficiencies but it was fair." He said he would defend on any platform in the country the record of that government.

Emphasising the central importance of an accord with the TUC, he said the success of a future Labour Government would "depend on the rock of that understanding."

Turning to the Labour Party, he said he could not say it was prepared for its responsibilities, though it could be with some work.

"Compared to what is happening, compared with the international responsibility of the Labour Party at such a moment as this, some of the arguments we have been having in our movement are trivial and infantile."

He said the party woud have to "persuade a great nation and a great people that it was capable of running the country."

The voters would turn away, however, from bitterness and sectarianism. "If we continue in that way the nation will turn its back on us."

The party would never gain office if it continued with "a serious unlimited attack on the rights and duties of MPs."

It was not true that the Parliamentary Labour Party was indulging in some sort of treachery. To pretend it was would be to lose the next election.

"Like trade unions, parliament is essential to the democracy of this country and the British people are not going to vote for a party which sets that back."

Parliament had proved it could assist the trade unions on a number of occasions, and it would do so again.

He said his predecessor as MP for Ebbw Vale, Aneurin Bevan, would have dismissed any attempt to make him suppress his views. Mr Foot said he would fight to protect the rights of MPs to freely state their opinions.

He said the party had to win the hearts and minds of the British people — if it did so the prize it would gain would be the greatest in the history of the Labour movement.

FOOT: Sending Heseltine to Liverpool was like presenting Jack the Ripper as an ear, nose and throat specialist.

Two unions seek link with Labour

FURTHER INDICATIONS of moves by traditionally non-party unions towards creating formal links with the Labour Party comes this week with the public launch of affiliation campaigns in local government and Civil Service unions.

A group of 22 members of the national executive of the National and Local Government Officers Association yesterday at the TUC formally opened their campaigns for an agreement to affiliate in a ballot on the issue due early next year.

The annual conference of Nalgo—the largest union still outside the ranks of the Labour Party, with about 800,000 members—voted earlier this year to ballot its membership on affiliation and the establishment of a political fund.

If the members approve these options the issue will then go before next year's annual conference for rule changes to allow a formal ballot on the two questions. This could see the union at a party conference at the earliest in 1983.

However, the outcome of the ballot is far from certain. The 68-member Nalgo executive felt itself unable to make any recommendation on the question. So two separate groups have been formed to campaign for affiliation.

One of the two, the Fight for Labour Affiliation Group (Flag) said yesterday that the union's affiliation was logical and inevitable, even if the forthcoming ballot did not produce such a result this time.

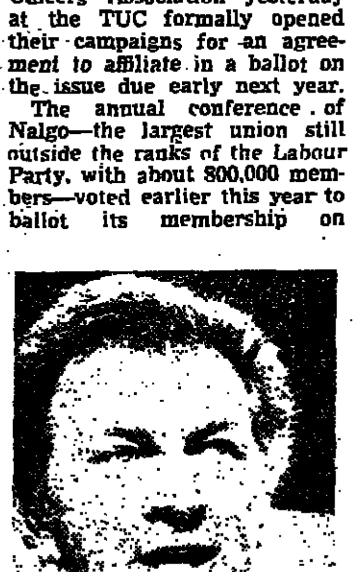
The group's 23NEC members stressed that affiliation would not mean greater politicisation of the union. That had already occurred because of the effects of the present Government's cuts in local authority services.

The group was careful to stress it had no overall affinity with any section of the Labour Party, though two of the group are members of the Communist Party. Group members said the group had not discussed the party's present difficulties over its deputy leadership and would not feel in a position to make any pronouncement until after any affiliation.

Though a considerable way behind the stage reached by Nalgo, activists in the largest civil service union, the Civil and Public Services Association, will this week begin a lengthy campaign to try to affiliate the union to the party.

A group, mainly though by no means exclusively from the union's Left, will begin to draw up its campaign at a meeting in Manchester on Saturday.

Its leaders, who have the support of Mr Ken Thomas, CPSA general secretary, are aware that the previous attempt led by Mr Thomas to affiliate at the union's last but one conference was defeated. However, they are confident that this result can be reversed at next year's meeting, though they are as yet less sure about the outcome of the resulting membership ballot.



GILL: Racism breeds on despair

Delegates pledge to fight racism

BRITAIN was now seen abroad as "a symbol of urban and communal strife," Mr Ken Gill, general secretary of the white-collar engineering union, AUEW-TASS, and chairman of the TUC's equal rights committee, said yesterday.

In a debate marked by a high degree of self-criticism, delegates repeatedly called for more action by unions to promote black activists within their ranks and stamp out racism among their members.

The only black delegate to speak in the debate, Mr Claude James of the Transport and Salaried Staffs Association, said: "A divided workforce hampers trade unions. Trade union members must accept each other as equals. We must put our own house in order."

Mr Gill told congress that racism, "breeding on the carcases of dead hopes," prevented young people from attacking its causes — unemployment, slum housing, decay and despair.

He called on the Government to give a lead against racism by improving its performance as an employer, speaking out against racists and fascists, and ending racism in the police force.

Referring to the meeting on inner cities between the general council and the Prime Minister last week, Mr Gill said: "Mrs Thatcher used her phrase, 'I don't throw money at problems.'

"I wonder how much the destruction, the policing and the loss of production is costing, compared with our plans. Those sums will dwarf ours."

On the position of women, Mr Gill said that, like ethnic minorities, women were "trapped at the bottom of the pay scale in jobs where the risk of redundancy is high and prospects are nil."

The representation of women on the general council was increased from two to five yesterday. But Mr Gill said "they will often represent unions whose policies frequently bypass women's fundamental demands and needs."

Congress demands an end to abuse of youth job schemes

THE TUC told the Government that the abuse of youth employment schemes by employers was spreading and warned that unions would demand greater union control of elements of the Youth Opportunities Programme.

It also threatened to begin a programme of opposition to the work experience schemes of the Youth Opportunities Programme unless abuse of the scheme was stopped.

Mr Alex Kitson, deputy general secretary of the Transport and General Workers' Union, told delegates that a viable policy on YOP had still to be found, that cheap labour abuses must be halted and that the unions might have to consider vetoing elements of the scheme providing work experience (WEEPs) or confine them to union organised work places.

Congress passed unanimously a motion on youth employment proposed by Mr Gerry Gillman of the Society of Civil and Public Servants. It condemned Government policies which have directly led to mass unemployment and growing youth unemployment.

It also rejected the package of employment measures announced by the Prime Minister on July 27 as "totally inadequate." There was no "acceptable" level of unemployment and the TUC called on its general council to place the ending of youth unemployment at the centre of its campaign for full employment.

It also asked the general council to:

- Oppose military training or compulsory community service.
- Increase union control over youth opportunity schemes by insisting that work experience schemes only take place with union agreement and by promoting union representation for YOP trainees.
- Ensure that substitution of special scheme trainees for regular full-time workers and "other abuses by employers" are eliminated from YOP and that off-the-job training opportunities and pay are improved.
- Press for adequate resources for MSC to monitor work experience schemes and prevent abuse. If this did not produce acceptable results the TUC would oppose work experience schemes and withdraw union co-operation.
- Consider setting up a special section of the TUC for young people who have had no opportunity to join the workforce.
- Encourage affiliated unions to curb excessive overtime working.

Mr Gillman said unemployment had been used by the Government to break the unions and the spirit of working people.

There were strong indications that some youth schemes were riddled with abuses and the work experience scheme would lose all credibility if it was not improved.

Some 30 per cent of young people on WEEP schemes were displacing regular workers.

Mr Kitson said the work experience programme, originally a good concept, now simply disguised the terrible prospects facing youngsters in the job market.

Where unions did not have the veto over YOP schemes they should obtain one. The real question was enforcement of the schemes and the need for unions to maintain pressure on the Government and MSC.

Mr Peter Dawson, general secretary of the National Association of Teachers in Further Higher Education, said it was a disgrace that only half the young people of relevant age were receiving training.

Delegates also supported a motion supporting the creation of more unemployed workers' centres and moves towards greater representation of the unemployed.

Ownership of media 'in too few hands'

THE TUC yesterday committed itself to pressing for the replacement of the Monopolies and Mergers Commission with a "more effective mechanism for preventing the concentration of media ownership in too few hands."

It will also demand more information on Government tapping of private telephones.

The depth of feeling existing among trade unions over the existing ownership of the press was shown by the fact that the proposals, which came in a successful amendment to a motion from the National Union of Journalists, were put forward by the Right-led Engineers and Managers' Association.

The main motion condemned the Contempt of Court Act 1981 for creating "new barriers to open reporting of court cases." It also condemned the increase of police bans on marches and called for the introduction of a Freedom of Information Act and the repeal of Section 2 of the Official Secrets Act.

However, a clause calling for the immediate repeal of the Prevention of Terrorism Act was defeated on the advice of the General Council.

Mr Ken Ashton, general secretary of the NUJ, said the "structures of the market-place" and Government interference were not suited to the preservation of press freedom and civil liberties.

Mr Ashton said three corporations owned 80 per cent of the daily and Sunday press in the UK and seven multinational companies controlled nearly 300 UK newspapers and magazines with a circulation of 49m.

The Society of Post Office Executives, supported by the Post Office Engineering Union moved a successful amendment calling for the "publication of the extent of and the rules governing telephone tapping."

Mr David Norman, the POEU treasurer, said the union was "concerned over the cases where it would seem that the telephones of ordinary trade unionists were being tapped."

'Index link pensions' plan

A POWERFUL plea for index-linked pensions in the private sector came yesterday from Mr Gavin Laird, an executive member of the Amalgamated Union of Engineering Workers.

Mr Laird also sharply attacked trade unions who had criticised civil servants for winning such pensions in the public sector.

Reduction of training boards opposed

THE GOVERNMENT was about to destroy a system of industrial training which had been built up over 20 years and the unions did not believe that its new policy of "voluntarism" would work, Mr Albert Powell of the Society of Graphical and Allied Trades told delegates.

Yet proper apprentice and technical training was vital in producing a healthier and more productive society. That necessitated the continuation of statutory training responsibilities.

Congress unanimously carried a motion, proposed by the Electrical and Plumbing Trades Union, which expressed concern at the reduction in training "caused by the policies of the Government and some employers."

And it deplored Government haste in introducing legislation "capable of grossly weakening the system of industrial training boards wtihout awaiting the outcome of the Manpower Services Commission review of its operations."

It opposed the Government's policy of placing more reliance on voluntary arrangements for training and emphasised a determination to secure a Government commitment to a statutory system.

The EPTU motion called on the TUC general council and affiliated unions to press for a major increase in training and retraining and the rentention of statutory training boards.

It also pledged support for the TUC in any action it took to halt the dismantling of Boards, including advising unions not to co-operate in any voluntary training arrangements to replace the Boards.

The motion called on the Government to provide the necessary cash to the MSC to support a six-point programme to expand training opportunities for all workers.

The programme seeks:

- Much greater investment by employers in training.
- A strengthened MSC able to extend its training work.
- An MSC crash programme of support for apprenticeships and technical training.
- Steps towards a universal training programme of vocational preparation.
- An expanded programme of adult training by strengthening the MSC's training opportunities scheme.
- A greater commitment from employers and unions to accepting trained staff into suitable employment on completion of a course.

Mr Barry Davis proposing the motion on behalf of the EPTU said the Government's policy had resulted in a "very grave situation" for training.

The Government was returning to a voluntary system which had, in the past, failed to meet the need for working skills.

Alan Sapper of the cinetechnicians' union and Ken Cameron of the Fire Brigades' Union carry on the debate outside the conference hall.

Right fails to oust Left-wingers in ballot

GENERAL COUNCIL election results showed that renewed right-wing attempts to oust leading left-wing members of the TUC general council came to nothing.

Mr Ray Grantham, the general secretary of the Association of Professional, Executive, Clerical and Computer Staff also revealed a "hit list" earlier this week, failed to rejoin the general council having been ousted seven years ago, though the structural changes agreed by congress earlier this week make certain his place in 1983.

The official whose seat seemed to be most in jeopardy — Mr Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians — retained his position and now seems certain to go on to be selected at the end of this week to be next years TUC president.

No new unions appeared in the industrial groups on the general council. Though new names taking seats previously held by their unions were Mr Ken Cameron of the Fire Brigades Union and Mr Ray Chadburn of the National Union of Mineworkers in place of Mr Joe Gormley.

The general council has increased this year from 41 to 44 members because of the expansion of the women workers' section.

Agreed after a conference debate last year, the increase of women's seats from two to five stems from firm pressure from a number of TUC women's conferences and from the growth in female trade union membership since the mid-1960s. Membership of women is now put at about one-third of the total.

Two of the three new women members—Mrs Muriel Turner and the unrelated Mrs Pat Turner—were expected to win their seats, but there was some doubt about who would secure the third new seat.

Eventually it went to Mrs Gina Morgan of the Amalgamated Union of Engineering Workers, though there was a strong challenge from Mrs Christine Page of the union of Shop Distributive and Allied Workers.

Mrs Morgan is chairman of the chairman of the shop stewards of a Ministry of Defence establishment near Manchester.

Mrs Muriel Turner is an assistant general secretary of the white collar Association of Scientific Technical and Managerial Staffs and Mrs Pat Turner is a national officer of the General and Municipal Workers Union.

They join Mrs Marie Patterson of the Transport and General Workers Union and Mrs Ada Maddocks of the National and Local Government Officers Association.

Those elected were:—

Group 1 (Mining and Quarrying): Mr R. Chadburn, National Union of Mineworkers, 11,148,000; and Mr A. Sargill, NUM, 10,164,000.

Group 2 (Railways): Mr R. Buckton, Associated Society of Locomotive Engineers and Firemen, 9,160,000; and Mr S. Wheighell, National Union of Railwaymen, 10,248,000.

Group 3 (Transport): Mr M. Evans, Transport and General Workers Union, 10,803,000; Mr W. Greendale, TGWU, 10,071,000; Mr S. Pemberton, TGWU, 10,597,000; Mr J Slater, National Union of Seamen, 10,604,000, and Mr L. Smith, TGWU, 10,558,000.

Group 4 (Shipbuilding): Mr J. Murray, Boilermakers Society, elected unopposed.

Group 5 (Engineering): Sir J Boyd, Amalgamated Union of Engineering Workers, 10,946,000, Mr T. Duffy, AUEW, 10,777,000; Mr G. Guy, Sheet Metal Workers Union, 9,554,000; Mr G. Laird, AUEW, 11,058,000.

Group 6 (Technical and Scientific): Mr K. Gill, AUEW (Technical and Supervisory Section), 9,048,000; Mr C. Jenkins, Association of Scientific Technical and Managerial Staffs, 10,474,000.

Group 7 (Electricity): Mr F. Chapple, Electrical and Plumbing Trades Union, elected unopposed.

Group 8 (Iron and Steel): Mr W. Sirs, Iron and Steel Trades Confederation, 11,108,000.

Group 9 (Building): Mr G. Lloyd, Union of Construction Allied Trades and Technicians, 3,961,000; Mr L. Wood, UCAT, 10,446,000.

Group 10 (Printing): Mr W. Keys, Society of Graphical and Allied Trades, elected unopposed.

Group 11 (Textiles): Mr W. Maddocks, Dyers and Bleachers, 10,088,000.

Group 12 (Clothing): Mr A. Smith, National Union of Tailors and Garment Workers, 10,666,000.

Group 13 (Food and Chemicals): Mr D. Grieve, Tobacco Workers Union, 9,830,000; Mr W. Whatley, Union of Shop Distributive and Allied Workers, 11,153,000.

Group 14 (Agriculture): Mr J. Boddy, National Union of Agricultural and Allied Workers, elected unopposed.

Group 15 (Public Employees): Mr K. Cameron, Fire Brigades, 9,956,000; Mr G. Drain, National and Local Government Officers Association, 10,767,000; Mr A. Fisher, National Union of Public Employees, 10,657,000; Mr F. Jarvis, National Union of Teachers, 10,867,000; Mr A. Spanswick, Confederation of Health Service Employees, 10,847,000.

Group 16 (Civil Servants and Post Office): Mr A. Christopher, Inland Revenue Staff Federation, 9,819,000; Mr T. Jackson, Union of Communication Workers, 10,805,000; Mr K. Thomas, Civil and Public Services Association, 10,725,000.

Group 17 (Professional and Entertainment): Mr J. Morton, Musicians Union, 7,351,000; Mr A. Sapper, Association of Cine, Television and Allied Technicians, 8,572,000.

Group 18 (General Workers): Mr K. Baker, Mr D. Basnett and Mr J. Eccles, all General and Municipal Workers Union, all elected unopposed.

Group 19 (Women Workers): Mr A. Maddocks, NALGO, 9,489,000; Mrs G. Morgan, AUEW, 5,079,000; Mrs M. Patterson, TGWU, 9,766,000; Mrs M. Turner, ASTMS, 4,393,000; Mrs P. Turner, GMWU, 8,304,000.

Appeal for prison reform

CONGRESS called for a major reform of the prison system and attacked the overcrowded conditions.

Delegates approved a motion demanding increased resources for the development of alternatives to imprisonment and for better provision for ex-offenders.

The motion also called on the Government to bring forward legislation, as a matter of urgency, to reduce the prison population.

Proposing the motion, Mr Douglas Grieve, general secretary of the Tobacco Workers' Union, expressed alarm at the serious prison overcrowding. He noted that rising unemployment had been accompanied by an increase in the prison population.

TECHNOLOGY

EDITED BY ALAN CANE

Underground future in Sweden

ELAINE WILLIAMS goes underground in northern Sweden to look at the deepest iron-ore mine in the world. It supplies to the European steel industry but is working at only two thirds capacity.

THE PEACE of the Arctic tundra is broken every hour by the sound of trains trundling their way from the mining town of Kiruna in North Sweden to Narvik in Norway.

The trains carry ore extracted from the deepest underground iron ore mine in the world and which is used to supply the raw material for several of Europe's steel industries.

The iron ore industry in Sweden has been in decline since the mid-'70s. Today, the Kiruna mine is working only at about two-thirds capacity producing just over 12m tonnes of ore.

Competition

Worldwide, iron ore production totals about 1.2bn tonnes which goes to produce about 717m tonnes of steel.

The decrease in steel output in Europe has particularly hit the Swedish industry. Slightly more than 80 per cent of Kiruna's output goes to Belgium, Luxembourg, France and West Germany.

Because of fierce competition in the industry, LKAB, the state owned organisation which runs all of Sweden's mining activities is looking at ways of improving its future.

So it is investing in new techniques for extracting iron ore more economically and efficiently. As part of this strategy LKAB has set up "Research Mine" with total funds of about £13m over a five-year period.

It is hoped that once mining actually gets underway at the research mine—which is contained in the giant underground complex—it will be able to finance its own research by selling the ore it extracts.

In total, the research mine will employ only about 60 people by 1983—more than 4,500 work in LKAB's main complex—but there will be greater use of automation to make up for the lack of manpower.

Much of the work will look at rock mechanics and methods of building and caving chaeply but safely. Countries such as Australia and Canada are also very active in this field and there is some co-operation between countries despite rivalry over selling the ore.

The disadvantage of present methods of sub-level caving is that enormous expenditure is incurred before any ore is extracted because of the infrastructure of tunnels needed at various levels where the ore can be taken and then transported to the surface by high speed lifts.

Kiruna has 450 km of roadway underground. The main roads are big enough to take coaches which transport workers regularly to the main haulage level some 775 metres below ground.

Opencast

At this level LKAB runs a computer controlled network of unmanned electric trains. Up to 14 trains of 18 wagons carry a total load per train of 460 tonnes. These can be run simultaneously under the control of operators. Cameras located at various points on the track allow the operators to watch the progress of each train.

Originally, iron ore extraction was carried out by opencast methods, but in the '50s it was decided to go underground using a system called sub-level caving.

Because the iron ore seam is almost vertical—rather than horizontal, as is usual in most UK coal mines—it is possible to build a series of caves slightly inclined but nearly at right angles with the seam.

These caves are drilled from the adjacent rock into the seam. Other roadways to transport the ore and ventilation shafts are also cut into the rock to service the extraction area.

Once the main caves—which will be used to carry the ore to the main transport levels—have been constructed, work can then begin on extracting the ore in the small side coves at right angles to the main ones.

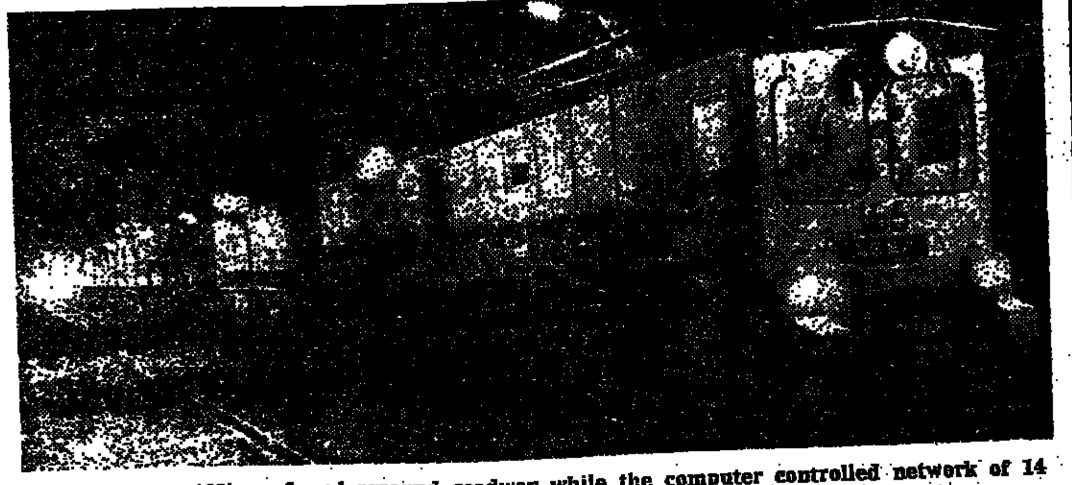
Drilling rigs bore small holes in the roof of the ore-bearing caves in the shape of a fan. Once the fan—consisting up to 50 holes—is complete each hole is loaded with explosives.

After one such blast up to 250 tonnes of ore falls from the roof and it is a simple, but rather tedious, job to pick up the ore with a mechanical digger and load it on to the train.

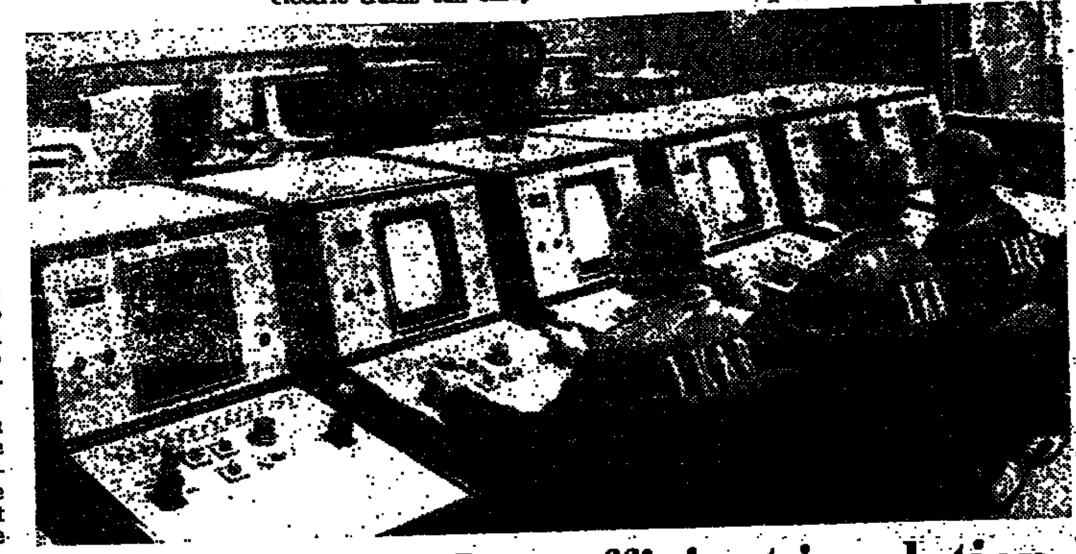
Pellets

Once all the ore has been removed from this part of the tunnel the drilling rig moves in again. Meanwhile, the iron ore is taken to the surface and processed into pellets.

Despite the already high degree of automation on some of the processes, LKAB is convinced that it will be able to use robots even more—something it has to do if it hopes to produce at a profit in the future.



KIRUNA has 460km of underground roadway while the computer controlled network of 14 electric trains can carry 460 tonnes of ore per train



More efficient insulation

ROCK FIBRE insulation material designed to give maximum density where it is most effective — that is, where the heat is greatest — has been introduced by Bracol Products under the name Transfibre. The fibres are placed transversely, and when the material is rolled the density is highest at the point of contact.

The result, says Bracol, is a material that takes up less space, gives more efficient insulation and can cost only half as much as conventional insulation.

Liquid storage system

A U.S. designed system for insulating liquid storage tanks is now available in Europe from Kitson's Insulation Contractors, part of the Pilkington Group.

The system, called KAL-ZIP, was originated by the U.S. Kaiser Aluminium and Chemical Corporation.

Rigid glass fibre slabs, 30 cm wide and between 7.5 and 10.0 cm thick, are used up to 17 metres in length.

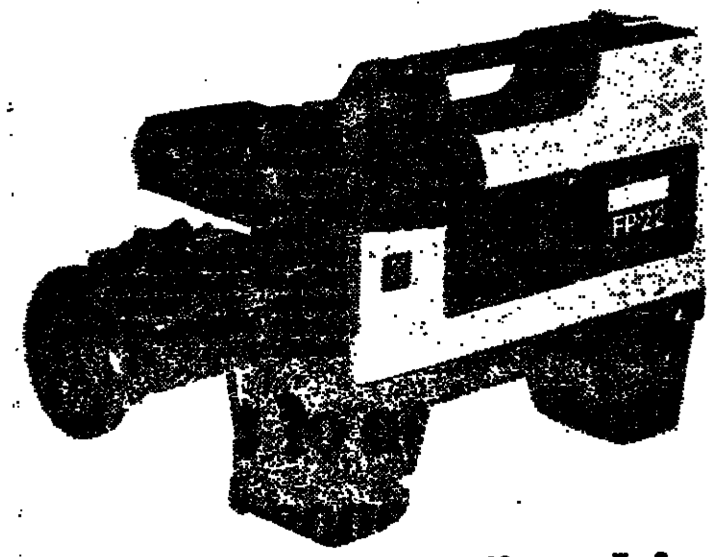
They are bonded to a profiled aluminium exterior cladding, which gives, Kitson's says, "a solid, aesthetically pleasing, rust-free barrier with minimum maintenance."

The system is said to eleminate stress failure problems and conserve energy. More on 0744 28882.

Crepe tape

R. S. STOKVIS AND SONS of East Molesey, Surrey, has introduced an impregnated crepe paper tape which it claims is suited for the packaging of electronic components with radial or stand up axial leads. Designated Radial-Pak, a thermoplastic adhesive activates in five seconds at 80 degree C at a pressure of 5 kg/cm². More on 01-405 0808.

..POINTERS..



Lightweight Hitachi colour cameras

HITACHI has announced two professional portable colour cameras named the FP-21 and FP-22. Hitachi says that they weigh only 5.1kg, excluding lens and viewfinder. Horizontal resolution is more than 350 lines at centre, signal to noise ratio is 53 dB (PAL) and built in H and V correctors offer exceptional clarity. More details on 01-405 4261.

Lucas Logic to sell DIAD system

THE DISTRIBUTED interactive draughting system, DIAD, developed by the Computer Aided Design Centre at Cambridge is to be marketed in the UK and Europe by Lucas Logic at a starting price of just over £45,000.

The system allows screen-based draughting to be introduced in the form of a stand-alone unit that uses two screens, one for the detailed construction of the drawing, the other providing the user with easily-followed instructions for use in conjunction with a digitiser tablet and the keyboard.

Drawing construction commands can be raised from the digitiser, by single key depression or by typing in from the keyboard.

Drawings can be constructed in layered form—any or all of up to 30 layers can be displayed, plotted and stored in the machine's disc store.

Drawing elements—profiles, symbols, texts, connections and drawing entities can be repeated, rotated, mirrored, modified or cancelled by a simple command.

Cross hatching and dimensioning are semi-automatic, saving many hours of tedious work. Both are automatically updated if the drawing is modified at a later date.

Most important however, is the fact that DIAD can be "grown." One workstation gives relatively low cost entry and other can be added later using a central host computer to give a distributed system "of outstanding ability and scope."

It is claimed that all the benefits of a distributed system are realised with no loss of individual draughting or storage potential. Each workstation retains its fast interactive response regardless of the number of stations in the system.

For the final drawings on paper, one central plotter (a Benson unit is normally supplied) can serve several workstations.

The system uses a pair of Computer Automation minis, a Tektronix 19 inch display unit and 10 megabytes of disc store. More on Warwick 497733.

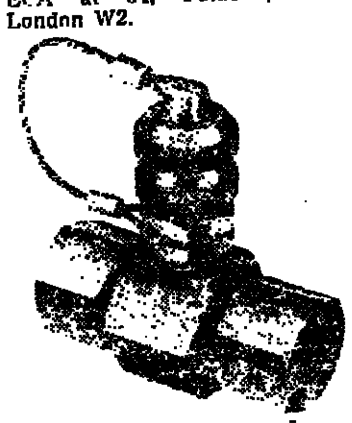
GEOFFREY CHARLISH

Guide to electrical installation regulations

A PRACTICAL guide to the new regulations for electrical installations promises invaluable information for contractors and specifiers, says the Electrical Contractors' Association (01-229 1266).

Tonic charts are said to be of particular interest: the decision charts should help the reader make appropriate decisions to meet his requirements, and the information charts give access to the data needed to select the most suitable method of equipment for the job.

Copies of the handbook cost £4.50 (inc p and p) from the ECA at 34, Palace Court, London W2.



Tubing coupling

A new coupling designated the "S" series for heavy pressure tubing in a range of six to 25mm diameter, pressure rating 420 bar, has been introduced by Hydraulic System Products. The company says that installation requires only a cut in the tube, insertion of the ends into the coupling and tightening the two nuts. More information on 0423 509661.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS BY OUR LEGAL STAFF

A director's moving costs

I have been in correspondence with the Revenue over payments which could be made to me free of tax by a small company which I control, to cover the expenses I will be incurring at the time of moving from my present home in the West Midlands to Kent. One result of the move will be to save the company and the jobs of its 26 employees. I have not had much success, however. Does being a director cause the problem? Is there no way round it?

If, as controlling shareholder and director you cause the company to pay you a sum to assist with the cost of moving your home to a more convenient location, there will indeed be tax problems for both you and the company. The best source of advice on the legal pitfalls would undoubtedly be the company's auditors (or other professional advisers). You will find general guidance on the income tax aspects in Inland Revenue booklet 480 (Expenses payments and benefits for directors and certain employees): you could also ask the tax inspector for a copy of the free booklet IR1 (Extrastatutory concessions).

Tax laws are generally framed for administration convenience (or the prevention of avoidance), rather than on the basis of equitable or moral considerations—which may be reflected in the size of the current list of extrastatutory concessions and practices adopted by the Inland Revenue, at their discretion.

Defining trade refuse

In March 1979 I wrote to Business Problems concerning a charge being levied by Swansea City Council for emptying refuse bins from holiday chalets, one of which I own. Your reply, in which you cited the case of Westminster V Gordon Hotels Ltd, was that the charge was incorrect as the definition of trade refuse depends on the nature of the refuse concerned and not the use of the premises concerned. I put this point to Swansea City Council who refuted this in their case, stating that the chalets are categorised as trade irrespective of whether they are let out (ie a business) or are only used privately).

A recent "Men and Matters" column (May 26) appeared to be agreeing to some extent with Swansea City Council that (since 1973) it is not the nature of the refuse that is of importance but the source of the refuse. This suggests that the question is whether it is a trade or not which originates the refuse. The column—entitled Muck and brass—was again, however, referring to Westminster City Council and I wonder whether different rules again apply under "one of the London Acts and not the Public Health Act 1936."

In the case of a holiday chalet, therefore, in your opinion, is the council entitled to charge for removal of refuse: (a) during those weeks in which it is exclusively occupied by the owner and hence ratepayer; or (b) during those weeks in which the chalet is rented out and could therefore be said to constitute a trade?

The local authority may be relying on a recent decision of the Court of Appeal which refused to follow the earlier cases on the ground that they were decided under different Acts of Parliament which is almost the opposite of that used in Westminster v. Gordon Hotels Ltd. However, even that new formulation is apt to make the refuse from one of your chalets "house refuse," not "trade refuse." The test under this decision is that it should be refuse from a house and of the kind that one would ordinarily expect from a house occupied as a dwelling house. We should add that we think that no trade is carried on at any of the chalets, but only at the office of whoever manages the lettings of the chalets.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A Brotherhood that is refusing to peter out

Ray Maughan explains the new-found aggressiveness of an old engineering group

IN Peter Brotherhood's gloomy reception room at its plant just outside Peterborough is a display case full of commemorative coins.

One, inscribed Franz Joseph I, Kaiser von Oesterreich, was awarded for the group's three-cylinder rail engine at the 1873 International Exhibition in Vienna. Another was awarded for an air compressor, exhibited at the Royal Cornwell Polytechnic in 1906.

Brotherhood, in short, has an outstanding engineering pedigree. Started in the early 1800s, the company was built by Rowland Brotherhood and expanded by Peter, his son. It was an age when the great innovative engineers caught the public imagination; the legendary Isambard Kingdom Brunel had a close relationship with the company. Brotherhood was even offered the chance to build the Suez Canal—although the French seem to have put in a more competitive tender!

The company built steam engines and tractors, torpedoes and a wide variety of "bespoke" products. As Geoffrey Crawford, who was brought in as chief executive two years ago, observes, "anything you could mention with an engineering base, we've made here."

"It flitted from product to product, caught colds occasionally and neared disaster from time to time," Crawford says. Come the autumn of 1979, at around the time Crawford was appointed, Brotherhood was once more in trouble.

Familiar ring

It had passed its £3m borrowing limit and the banks were preparing to call in at least some of their loans. But as Crawford quickly realised, as he sought to control the crisis, the group was fundamentally sound.

The new management which Crawford recruited undertook remedial action which has a straightforward, familiar ring to it. At the time of the steel strike, he sold off stock which was much in demand, thus pulling £600,000 out of the balance sheet; he also made sure that Brotherhood was paid for £3.5m of deliveries. Stock turn between the March 1979 and 1981 balance sheets improved from almost four months to 2¼ months.

The foundry, Crawford found, "was bleeding us to death . . . but we've made redundancies and gone out to sell hard." Filling the foundry with work, he stresses, "has been bloody hard work," but fortunately most of its equipment had been written off and it does not require much replacement expenditure. Its working capital needs are about £250,000 and last year Brotherhood produced £300,000 pre-tax.

Back in 1979 the new management was faced with a crucial choice. Should it retrench around the base provided by its traditional products or go for growth?

Historical factors were important in making a decision.

When the company finally stopped "flitting from product to product" it found that it was in three principal markets. One was textile machinery; the close links it had forged with ICI Textiles in Harrogate through all levels of management, had been important and often accounted for about a third of turnover. But with the demise of the textile industry and ICI's own contraction, its sales contribution was down to about £500,000, mostly on maintenance, from last year's total turnover of almost £17m.

Its other major products were gas compressors for the process plant industries and waste heat turbo-generators. Many of its major customers are in the shipping industry and use Brotherhood's turbogenerators to generate electricity from the waste-heat of the main engines. The group holds about 60 per cent of this market, and apart from occasional and typically aggressive forays by a Japanese competitor, its share seems to be resilient.

Yet Crawford recognised that, although the group "generally has sufficient sales to survive, every product has its plateau and then its decay. We don't know how long that decay lasts."

He is scornful of UK industry's insistence on "hanging on to what it's got until it dies." He believes that "the history of enforced cutbacks in the engineering sector has been singularly unsuccessful. The industry hasn't been able to find bedrock."

His answer was unequivocal; Brotherhood would dash for growth. The steps taken to pursue this aim have been in several, often simultaneous, stages.

In essence, Crawford is trying to beef up the stales effort in existing static markets and graft on new products. To do this, Brotherhood has re-shaped its sales teams, recruited its first ever marketing director, shaken up the reporting and consultative procedures, set inflexible delivery schedules and found an important new shareholder.

As a first step the board was completely overhauled; Barrie Mee was appointed marketing director, the experienced sales manager, Peter Davis, was made a director, and Philip Salisbury came from Ransome Hoffman Pollard as financial chief. Eric Frye, the former Plessey joint managing director has assumed a non-executive role and Sir Cyril Pitts, a director of Northern Engineering Industries, has been appointed non-executive chairman.

Brotherhood now claims it is attacking its traditional markets on a far more professional basis—"a complete shift of philosophy" is the way Crawford describes it—by putting newly recruited and experienced marketing and sales teams into the field, with the backing of technical people, rather than asking the engineering experts to sell if and when they could, as happened before.

The result was that they helped to push turnover up by about 30 per cent to almost £17m in the year to March 31 last at a time of static or falling prices.

A long series of meetings with brokers and shareholders appears to have borne fruit. The group was able to launch a successful £1.13m rights issue last year and raised a further £423,000 when Thermo Electron, a U.S. corporation specialising in advanced thermo technology, subscribed for 7 per cent of the shares.

The TE stake tightens a causal 10 year relationship with Brotherhood which, Crawford admits, "has not been very productive so far."

Too hasty

The overall aim of this new arrangement is to marry Brotherhood's application skills in waste-heat turbines (thus reducing the UK company's dependence on the marine sector) with the opportunities TE sees opening up in the U.S. for waste-heat systems packaged for conservation-conscious American industry. Crawford points out that a complete change in U.S. legislation in the post oil-crisis era "is paving the way for what TE is trying to do."

"We haven't got time to be internationally innovative, our original research effort is very small," the chief executive points out, "because we want immediacy."

Fourteen new projects are under investigation at present, in various stages of maturity, as Brotherhood tries to complement its high value, low volume products with lower value, high volume items in the hope that "repetition will improve our margins." The projects in hand are expected to come up with two or three "useful" new products, and one "high-flier," although in some cases Crawford admits that the group "has chased the wrong companies and gone in far too hastily."

"You have to recognise this and chop them off when they're clearly not working for you. It's a very American way of doing things," he adds.

He should know. After leaving the Fleet Air Arm as a Chief Petty Officer in the 1950s, he worked for some time in technical sales and marketing in the U.S. before going on to what is now Johnson Firth Brown and, latterly, Hall Engineering, where he had been recruited to close or sell Hall's loss-making mini-mill.

Pinned up on his office wall, alongside a series of stark line drawings of factory life, is the motto "Delivery on time is a matter of Personal Pride." He hopes this motto will become a catchphrase.

He recognises, though, that the various changes he is making will not have instantaneous results—"there is no one thing anybody can do, it's a combination of many small things"—but Crawford is claiming a 22 per cent rise in productivity in the last two years. He measures this on "each returned contract hour for which we get paid. Every hour that's worked has got to be logged to something. That is the truest measure of productivity."

Positive cash flow on a monthly basis is still patchy at present and, although the group has £3.5m of unused overdraft facilities, its profitability has a long way to go before it starts reaching Crawford's targets.

Having "whittled the payroll down by a fifth in the past two years, the group is planning to lift turnover to £25m in three years iwthout much more than a marginal rise in direct overhead. That, says Crawford, will give us profits ranging between £3m and £5m."

If prosperity does come back to Brotherhood, the ghosts of those old grandee engineers in their stove-pipe hats can smile in the knowledge that their legacy is secure.

'Everybody gets a hearing . . .'

Just as the external face of Brotherhood is changing, so too are its internal procedures. In order to hit the delivery and productivity targets Brotherhood is now setting itself, Crawford is trying to introduce a more "open and devolved style of management." He has instituted three decision-making bodies: the main board, a works council, which was formed a year ago, and an executive management committee attended by all managerial heads of department.

With the exception of City-sensitive material, each body has access to the same working papers. The works council has never used this information as a wage negotiating lever, the chief executive stresses, and indeed the group's employees as a whole accepted a six month pay freeze last spring.

The hope is that greater openness and involvement will stem from these committees and lead to greater accessibility to senior board members. "Everybody gets a hearing now," Crawford declares, "however barmy their ideas might be."

He is impressed by the Japanese concept of "quality circles", which he says are "fundamentally the same" as the management techniques now employed at Brotherhood. "We can deal with a problem much more dynamically than before. We go out to it and walk away with a decision made. I get cross about long written reports. I don't want to read that guff, especially if it doesn't have any solutions."

He holds post mortems "to get to the bottom of technical failures" and is "not ashamed to tell people they've failed professionally."

On the other hand, Crawford acknowledges that management "has to be prepared for unfortunate and quite serious errors of judgment and has to support people and explain where the logic failed."

Hugh Routledge

Geoffrey Crawford: Going for growth and new products—the wheel is one of a set for a project thrust car making a world land speed record attempt in the U.S. next month

NOTICE OF REDEMPTION

To the Holders of

Marriott Corporation

5% Convertible Subordinated Debentures

Due October 15, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Article Three of that certain Indenture dated as of October 16, 1973 between Marriott Corporation (the "Company") and Bankers Trust Company, the Company intends to redeem, and does hereby call for redemption and payment on October 14, 1981 (the "redemption date") all outstanding 5% Convertible Subordinated Debentures due October 15, 1988 (the "Debentures") at 101% of the principal amount thereof plus interest accrued to the redemption date.

On the redemption date, all of the Debentures will become due and payable at the redemption price specified above plus accrued interest and will be paid upon surrender thereof at the Corporate Trust Office of Bankers Trust Company of New York, P.O. Box 318, Church Street Station, New York, New York 10015, or at the option of the holder but subject to any laws and regulations applicable thereto in the country of any of the following offices, at the main offices of Bankers Trust Company in London (City Office) and Paris, the Chase Manhattan Bank, N.A. in Frankfurt am Main, Amsterdam-Rotterdam Bank, NV in Amsterdam, Banque de Bruxelles S.A. in Brussels, Banca Commerciale Italiana in Milan, and Kredietbank S.A. Luxembourgeoise in Luxembourg.

Debentures surrendered for redemption should have attached all coupons appertaining thereto maturing after the redemption date. On and after the redemption date interest on the Debentures shall cease to accrue and the coupons for such interest shall be void, and any right to convert the principal of the Debentures shall terminate at the close of business on the redemption date.

The current conversion price is $29.91 per share. Any holders of the Debentures who wish to convert may do so by surrendering Debentures, with all unmatured coupons appertaining thereto, to the Company at any of the offices specified above in the case of payments, together with a notice of election to convert, and specifying the name or names in which the shares of common stock of the Company deliverable upon such conversion shall be registered, with the addresses of the persons so named. Please note that the Conversion Notice on the reverse side of each Debenture, if properly completed and executed by the holder, will constitute a sufficient notice of election.

Marriott Corporation

Dated: August 30, 1981

LOMBARD

Where M. Delors is right

BY NICHOLAS COLCHESTER

WITH AN elaborate system of dykes and windmills, France is seeking to sink below the sea level of world financial markets to allow its industry to enjoy lower interest rates than those in the world outside. Foreign depositors and foreign borrowers of French francs are now receiving and paying interest rates some 10 per cent higher than their domestic counterparts: a wall of exchange controls separates the French depositors from the foreigners.

France is undertaking this venture alone after having suggested to its fellow Europeans, unsuccessfully, that they join it in creating a European low interest rate zone hedged round with a European system of exchange controls.

In floating this idea M Jacques Delors, the French Finance Minister, has been prompted by a mirror image of the problem which faced West Germany before the European Monetary System was created. Germany found itself exercising unfashionable monetary self-discipline at a time when the dollar was regarded as a weak currency. It looked to community solidarity to spread the burden of anti-dollar speculation away from itself.

Tyranny

France now finds itself pursuing an unfashionably expansionist economic strategy at a moment when the dollar is strong and U.S. interest rates uncomfortably high. France would therefore like to see a European stand to reduce the chance of a run on the franc. It is not surprising that after a largely futile experiment with inward exchange controls in the early 1970s West Germany, in the shape of Karl Otto Poehl of the Bundesbank, has greeted M Delors' urgings with some scepticism.

Such are the flows of trade and investment payments in an interdependent world that it is indeed hard to see how an advanced nation like France, or group of nations like Europe, can reclaim land below the swirling, tidal system which now unites the world's major currencies.

Yet M Delors' belief that Europe must somehow act together to escape the tyranny of America's excessive interest rates prompts a question. Why is it that countries in a powerful economic grouping like the EEC feel they have to match U.S. interest rates and preserve a stable exchange rate with the dollar? Cannot the EEC establish its own currency normality and let the U.S. dollar become a currency of freakish strength on the back of freakish interest rates?

The immediate answer is the European inflation which would result. An indefinable but probably substantial part of Europe's imports are priced in dollars. Oil, which accounts for one-fifth of Europe's import bill, is the most dramatic example. So long as a good part of Europe's external costs are established in dollars, European currencies must struggle to keep up with the dollar.

This irrefutable answer suggests that European Governments would do well to mount a campaign to increase the proportion of their trade denominated in European currencies.

The object of this and similar exercises would be to reduce the significance of the dollar in Europe to a level more in line with America's real importance as a European trading partner. It does little for Europe's independence from the dollar, for instance, that the UK prices its own oil output in dollars: nothing has brought our subservience to the American currency home to the British motorist faster than that.

The idea of France or Europe somehow sinking below the sea level of the international interest rate market falls into the same category as the SDR substitution account once mooted as a means of propping up the dollar—a technical nightmare which proves, in the end, that money will find its own level and that there is no such thing as a free lunch. But M Delors is right in his instinct that European co-operation is needed to lessen the dominance of the dollar. It is by jointly insisting on a broader international acceptance of European money that European countries can best distance themselves from the economic experiment now bubbling away across the Atlantic.

The rose no longer needs its thorns

GARDENS TODAY

BY ROBIN LANE FOX

IF YOU love roses, you should pay a visit to the National Rose Society's autumn show and see where this year's prizes have gone. On Thursday and Friday, the evidence will be before you in the Royal Horticultural Society's New Hall, Westminster, where the bowls of second crop roses look as if blackspot had never been invented and the dry autumn had not left a mark on this season's second crop of buds.

Crucifixion

The prize-winners of recent years have come and gone, but few have left a lasting mark on our gardens. I despaired of modern naming in the year when Fragrant Cloud won all the trophies for scent, colour and stamina, but seemed to smell of next to nothing beside any of the pre-war breeders' minor varieties. These are familiar complaints, but this week I would like to be more positive and suggest what the breeders might do with their talents and their art of following the market, rather than leading it.

Why, for a start, do their roses still have thorns? There is a pleasant digression in one of the books of that great British plantsman, the late E. A. Bowles, where he reminds the innocent rose-grower why his plants have these awful accompaniments. They are not a punishment for some past sin, a symbol of the Crucifixion, or a reminder that on this earth there is nothing delightful without, forgive me, its built-in claw-back.

All those fancies have been expressed on the topic, but the reason is probably far more mundane. The rose liked to sprawl and scramble, so it developed thorns, not to survive the appetite of goats or the raids of pre-industrial housewives, but simply in order to hoist itself over its neighbours and pull itself up into the light.

Thorns, say the botanists, are aborted branches, prickles which never made the grade but stopped as outcrops from the skin or bark. I have never understood why the rose bothered with them, when other climbers, like the clematis or convolvulus, were able to reach the light without any supporting weaponry. A bindweed with prickles would make me move house, but for the moment, I take Mr Bowles's word for it, and assume that we know no better than that thorns, or prickles, are the rose's apology for climbing-irons.

If so, they ought to have hung them up long ago. Few roses are true climbers nowadays, least of all those which are sold as climbers for walls but which need tying into place, in order to rise vertically. On bush roses, thorns are surely a nonsense. They ought to be bred out of existence, since we have the varieties that would make the break for us.

Over a century ago, Bizot the French rosarian, bred the famous pink Zephyrine Drouhin, which went down in catalogues as the thornless rose. Although it climbs, it is almost entirely smooth.

Zephyrine happens to have buds of a particularly strong cerise pink, so I prefer its lovely daughter, the climbing Kathleen Harrop. She turned up by chance in 1919 and remains a first choice for any large wall which needs heavy double roses in a gentle shade of blush pink. Like all climbers, she has to be pruned and trained, so the absence of heavy prickles is greatly in her favour.

Mildew tends to take the prickles' place, but it is never so severe that Kathleen Harrop refuses to flower. She and her mother belong in the Bourbon group and are only made into climbers by tradition. I have never seen Zephyrine happier than in the roughly-mown grass at the entrance to a great rosarian "orchard" of bush and shrub roses. Like other strong Bourbons, she will spread herself happily into a wide and dense thicket.

Since 1919, the breeders have had other idols: strong colour, classic tea shape and the persistence of the so-called floribunda. Those thornless parents have not been followed up. Pursuit should not be too difficult, for there is another thornless rose on sale, less well-known but charming in manner, and as old as the first flush of Bourbon rule in post-Napoleonic France.

Specialist nurseries, such as Peter Beale or David Austin of Wolverhampton, still list Madame de Sancy de Parabere. She is another climber, almost thornless and covered in loose bunches of soft pink double flowers.

As a rose, she is worth growing on a west-facing wall: this year, I saw a 20 ft high plant, said by its owner to have given no particular trouble in the past 30 years. By family, she is close to the Bourbons, but is properly classed as a Boursault. This select group of French-bred beauties have not left a clearer family tree, but the experts give them the benefit of the doubt, and an interesting origin in the meetings of East and West.

One parent seems to be the long-lasting China rose, the other a wild European form called Pendulina. If so, the route to thornless varieties ought to be quite easy.

Rose Pendulina can be seen in the South European Alps, where its single rose-pink flowers and purplish stems run true-to-form without any serious prickles. I have walked through it, sat on it, and survived it, while looking for grander Alpine flowers. The only modern breeder to discuss the matter remarks that this variety has not proved interesting for hybridists. If the French masters produced a good child from it so long ago, I cannot believe that it would prove so worthless. Please, rose-breeders, can you give it another run?

Perhaps, too, you might like to ponder the value of spreading modestly-sized roses, which can be used as informal shrubs. There were some hopeful signs here in the 1930s and early 1950s, but they dwindled into one of two extremes. Either we have to buy the absurd, little miniature pompons and prune these sad little things with nail scissors in a window box, or we buy taller and stronger "floribundas," the marvellous Iceberg and the not-so-marvellous cacophony of reds and oranges, which trail behind it.

No prizes at shows are ever won by that good garden shrub, Fairy. Despite its name, this is wonderful value, just the sort of rose which I would buy by the hundred, if only I had the choice between creepers and so-called ground cover and big tea bushes, which stay low only if savagely pruned.

The Fairy has clusters of shell-pink flowers and spreads to a width of four or five feet. Pruning is minimal and the flowers begin at that awkward moment in July when other roses have peaked for the first time. The bush need be no taller than 3 ft, but remains in full flower until late September. I am very fond of its fresh and glossy green leaves.

New sports

The Fairy, it seems, is a rose by chance, as a sport from a climbing child of old Dorothy Perkins; that common and familiar pink wichuriana rose. Since then, one or two new sports, such as white Temple Bells, have been launched as low, creeping alternatives to weeds, but nobody has followed the Fairy to any conclusion.

I cannot believe that it is an inexplicable fluke. While the tea roses and floribundas collect their yearly medals, I would ask their growers to think more widely. Can we not try to abolish thorns, and can we not follow a hint from the Fairy for roses which can stand near the front of a border without lacking form and resembling an upright bunch of prickly sticks?

Champagne success for Achieved

RACING

BY DOMINIC WIGAN

DESPITE the presence of the hat-trick-seeking course winner, Padalco, in today's Laurent Perrier Champagne Stakes at Doncaster, and that of other well-fancied "home" representatives in Ashenden and Hays, I believe the race is best left to Achieved.

A brother to that high-ranking miler of 1980, Final Straw, he has done nothing wrong in his two races to date. Last time out he showed himself to be a classic colt in the making when overcoming a poor break and and an equally poor passage in the sponsored Phoenix Stakes over five furlongs at Phoenix Park.

Sure to be better-suited by the additional furlong of today's race, Achieved, on what is only his third appearance, can totally justify the 162,000 guineas laid out for him by Robert Sangster and his partners at last autumn's Houghton yearling sales.

As was generally predicted, Harp Strings has proved the one most backers want for the Cambridgeshire, following Saturday's win.

The Royal filly, who escaped a William Hill Cambridgeshire penalty when scoring in the hands of Lester Piggott at Kempton, is now down to 16-1 from 25-1, with Corals, who laid one bet of £10,000 to £400 at the start of business on Monday. Quoted at the same price by the tote, Harp Strings is again likely to be partnered by the champion elect, when he attempts to gain his first Cambridgeshire victory on October 3.

Another leading jockey, still "sitting on the fence" as far as a major ride is concerned, it Pat Eddery. The former champion, who has been riding better than ever this season, will not make up his mind between Beldale Flutter and Detroit for the "Arc" until after the filly has run in Sunday's Prix Foy.

Eddery gained his most important success to date on Detroit in the "Arc" a year ago and, unless the filly disappoints badly in the Foy, the partnership will, in all probability, remain intact.

DONCASTER

2.00—Investa
2.30—Silver Season
3.00—Achieved*
3.30—Sandon Buoy
4.05—Centroline**
4.35—Come on the Blues***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 12.30 pm News After Noon. 12.57 Regional News for England (except London). 1.45-2.00 Fingerbobs. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Stopwatch. 5.10 John Craven's Newsround. 5.15 Grandad.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Wednesday Film: "Running Wild," starring Lloyd Bridges.
8.30 Fighter Pilot.
9.00 News.
9.25 Salem's Lot.
10.55 Cosmos.
11.55-12.00 News Headlines.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 12.57-1.00 pm News of Wales. 5.15-5.40 Animal Magic Goes Down to Earth. 6.00-6.25 Wales Today. 6.50 Heddiw. 7.15 A Dro I Dro. 7.40 Angels. 8.05-8.30 Taxi. 11.55 News Headlines. News and Weather for Wales.

Scotland—12.55-1.00 pm The Scottish News. 6.00-6.25 Reporting Scotland. 11.55 News Headlines, News and Weather for Scotland.

Northern Ireland — 12.57-1.00 pm Northern Ireland News. 4.18-4.20 Northern Ireland News. 6.00-6.25 Scene Around Six. 11.55 News Headlines, News and Weather for Northern Ireland.

England—6.00-6.25 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
9.00 Gharbar.
9.30 Trades Union Congress 1981.
11.00 Play School.
11.25-12.45 pm and 2.15-4.50 Trades Union Congress.
4.50 Open University.
6.55 News Summary.
7.00 Spine Chillers.
7.10 Swimming: European Championships from Split.
7.35 Sandor Vegh Masterclass.
8.05 The Body in Question.
9.00 Percy Edwards in "The Old Boy Network."
9.40 Enigma.
10.10 Echoes of War.
10.45 Newsnight.
†11.30 Laurel and Hardy in "Blotto."

LONDON

9.30 am Wonders of the Underwater World. 10.00 Look Again at Gulls. †10.30 "Vote For Huggett," starring Jack Warner and Kathleen Harrison. 11.50 Beany and Cecil Cartoon. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Music of Man. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.25 Racing from Doncaster (covering the 2.30, 3.00 and 3.30 races). 3.40 Trades Union Congress. 4.10 Animals in Action. 4.35 The Squad.

5.05 Thames News.
5.35 ITV News.
5.50 World Cup Special.
8.00 Coronation Street.
8.30 Only When I Laugh.
9.00 Diamonds.
10.00 News.
10.35 Best Sellers: "Murder In Texas" (part 2).
12.20 am Close: Sit Up and Listen with Canon Trevor Beeson.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am European Folk Tales. 9.40 England, Their England. 10.10 Thunderbirds. 10.55 Cartoon Time. 11.05 Pro-Celebrity Darts. 11.35 The History of the Motor Car. 1.20 pm Anglia News. 5.05 About Anglia. 12.20 am Anglia Late News. 12.25 The Big Question.

ATV

9.20 am Circus. 9.45 Contrasts. †10.10 ATV Picture Palace: "The Iron Mask," starring Douglas Fairbanks Sr. 1.20 pm ATV News. 5.05 ATV Today.

BORDER

9.30 am Untamed World. 9.55 Friends of My Friends. 10.20 George Hamilton IV. 10.45 Thunderbirds. 11.35 Fangface. 1.20 pm Border News. 5.05 Lookaround Wednesday. 12.20 am News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 5.05 The Forum. 5.50 Channel Report. 10.28 Channel Late News. 12.20 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.55 am First Thing. 10.00 The New Fred and Barney Show. 10.25 The Land of Lots of Time. 11.15 Beyond Westworld. 1.20 pm North News. 5.05 Welcome Back Kotter. 5.50 North Tonight and Area Weather Forecast. 6.15 Only When I Laugh. 6.45 Coronation Street. 7.15 Diamonds. 8.15 Best Sellers. 10.30 Scotsport World Cup Special. 11.35 It's a Musical World. 12.30 am North Headlines.

GRANADA

9.30 am Wildlife in Crisis. 9.55 Circus. 10.20 Wednesday Matinee: James Franciscus in "The Valley Of Gwengi." 11.50 Cartoon. 1.20 pm Granada Reports. 5.30 Granada Reports. 5.30 This Is Your Right.

HTV

9.45 am The World We Live In. 10.10 Young Ramsay. 11.00 Sesame Street. 1.20 pm HTV News. 5.05 Report West. 10.33 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Fiolabalam. 4.35 Sion A Bili. 5.05 Y Dydd. 5.20-5.35 Report Wales. 5.50 Only When I Laugh. 6.20 Coronation Street. 6.50 World Cup Soccer (Wales v Czechoslovakia).

SCOTTISH

9.55 am Sesame Street. 10.55 Mary Chipperfield and Friends. 11.10 Charlie's Angels. 1.20 pm News and Road and Weather. 5.05 Only When I Laugh. 5.50 Scotland Today. 6.05 Bodyline. 6.15 Report. 6.45 Coronation Street. 7.15 Diamonds. 8.15 Murder In Texas (part 2). 10.30 Scotsport World Cup Special. 11.30 Late Call. 11.35 Lou Grant.

SOUTHERN

9.30 am Focus on Wildlife. †9.55 "Topper," starring Cary Grant. 11.30 Out of Town. 1.20 pm Southern News. 2.00 Houseparty. 5.05 Day by Day. 5.05 Scene Midweek (South-East Area only).

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 The World We Live In. 9.55 Joe 90. 10.20 Animated Classics. 11.10 Rocksrage. 1.20 pm North-East News. 1.25 Where the Jobs Are. 5.05 Northern Life. 10.30 North-East News. 12.20 am Thoughts of Moving South.

ULSTER

1.20 pm Lunchtime. 4.08 Ulster News. 5.05 Only When I Laugh. 5.50 Good Evening Ulster. 6.20 Family Matters. 6.45 Coronation Street. 7.15 Diamonds. 8.15 Best Sellers. "Murder In Texas" 10.29 Ulster Weather. 10.30 World Cup Football, introduced by Arthur Montford. 11.30 Bedtime.

WESTWARD

9.25 am Larry the Lamb in Toytown. 9.35 Sesame Street. 10.35 Hands. 11.00 Alphabet: the Story of Writing. 11.30 Razzmatazz. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.05 Westward Diary. 10.33 Westward Late News. 12.20 am Faith For Life. 12.25 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. 9.40 Patterns. †10.15 "They Were Sisters," starring Phyllis Calvert, James Mason, Anne Crawford and Dulcie Gray. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 5.05 Calendar.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Don Durridge with Much More Music (S). 8.00 Listen to the Band (S). 8.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S), including Racing from Doncaster. 4.00 David Hamilton (S), including Racing from Doncaster (4.05 Rockingham Handicap). 5.45 News, Sport. 5.52 World Cup Special. 8.30 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 Oh Mother! (S). 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.03 Peter Clayton with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Martinu (S). 10.00 Music For Organ (S). 10.35 Bach, Beethoven and Chopin cello and piano recital (S). 11.10 A Landscape of Song (S). 12.00 BBC Scottish Symphony Orchestra concert, part 1 (S). 1.00 pm News. 1.05 Concert, part 2 (S). 1.45 French Piano Music (S). 2.25 Alberni String Quartet (S). 3.15 Mozart concert (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Editing the DNB. 7.30 Proms '81, part 1: Beethoven (S). 8.05 Six Continents. 8.25 Proms '81, part 2: Bruckner (S). 9.35 Scientifically Speaking. 10.20 One Pair of Ears. 10.35 Frederica Von Stade (S). 11.00 News. 11.05-11.15 Daniel Barenboim (S).

VHF only—Open University. 6.55-6.55 am and 11.15 pm-12.35 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 Love Among the Butterflies. 9.00 News. 9.05 Midweek: Pete Murray. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 Give or Take (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Senses of Occasion. 4.00 When Morning Gilds the Skies. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Maps and Atlases. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Radio Active (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettable. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 MMM . . . Maidland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Football. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

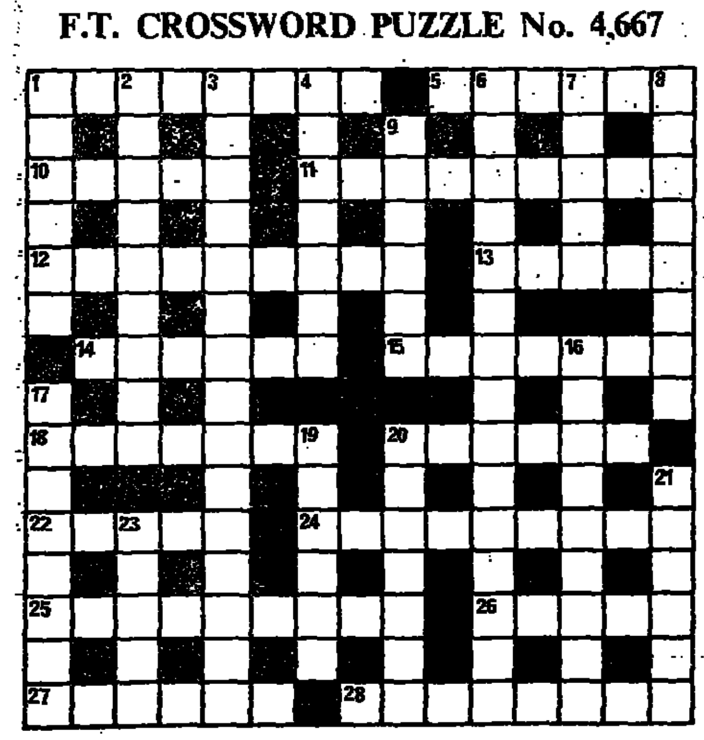
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life (includes a feature on Jazz). 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen ...continued. 3.00 Roger Scott. 6.30 London Tonight. 6.30 Peter Young. 10.30 John Sachs's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,667



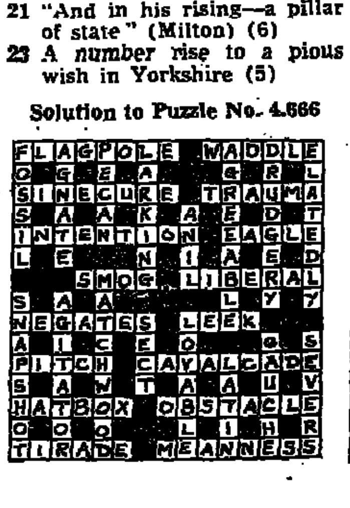
ACROSS

1 Reject by veto, possibly avenge it (8)
5 Dam quiet in the vessel—don't go to bed (4, 2)
10 A good man with mother urged to come on (5)
11 Superiors finished with the M.C.C. (9)
12 Improving when erect about them (2, 3, 4)
13 Deck or duck (5)
14 The lady's not for burning, but the old woman is (6)
15 Closed with refusal to a writer (3, 4)
18 Jackets for dances (7)
20 Low Russian at anchor (6)
22 Fish without tea gives jet propulsion (5)
24 Bent back, but could be nice later (9)
25 In fact Fleet Street is despondent (9)
26 Religion must be observed in this lamentable world (5)
27 Sound Sabbath refreshment (6)
28 Partial, not polygonal (3-5)

DOWN

1 Eloquent spokesman from sandy Pylos (6)
2 All gather in the college dining-room (5, 4)
3 Gay musical (3, 7, 5)
4 Forcible direction in colour (7)
6 Double capital account in novel form (4, 2, 3, 6)
7 "There lies more—in thine eye than twenty of their swords" (R. & J.) (5)
8 Put off a quiet one after a job (8)
9 Open country study can be depressing (6)
16 Before five was sick, but came out on top (9)
17 When they are running they leave you stranded (3-5)
19 Engineers in the streets mean tension (6)
20 Where Alexander came from—a fellow after a mark of authority (7)
21 "And in his rising—a pillar of state" (Milton) (6)
23 A number rise to a pious wish in Yorkshire (5)

Solution to Puzzle No. 4,666



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT

THE ARTS

Television

The best that money can buy

BY ARTHUR SANDLES

"Hullo," says the squeaky voice which seems peculiar to radio phone-in programmes, "this is Belle from Ealing." We exchange pleasantries.

"What I want to know is why television is so awful these days? Why can't we have more live shows?"

Doing a late evening phone-in on the subject of television, my own doubtful pleasure a few nights ago, at least brings a writer on broadcasting back down to the grass roots. "I don't want to hear you say it's the best in the world, what I want to know is why it isn't better," was a fair enough point put by one caller.

I have some sympathy with the Belles of the night time telephone calls. They complain about too much sport, too many programme clashes and too little imagination. Last week's *Radio Times* cover summed it up: "Summer Bank Holiday" screamed a headline; "Football's back," yelled another.

The current issue is more promising. This time the headline combination is: "BBCtv New Season," and "Triffid terror."

Perhaps the problem for the likes of Belle and I is that we expect too much. When the autumn schedules were unveiled for the coming season my own first thought was how to find the time to watch all these splendid shows. In fact it looks as if the autumn crop will contain the usual sample of both goodies and baddies, but where I and Belle might disagree is that on balance this autumn might still have more goodies.

This autumn looks particularly good, on paper at least, for a variety of reasons. For the past 18 months ITV has been stung by carping from advertisers who suggested that the BBC was winning the ratings war. While this was going on the companies were themselves struggling to retain their franchise contracts and have therefore been keen to show the Independent Broadcasting Authority that they had commendable things in store.

The BBC, naturally enough, is keen to keep the initiative it feels it holds. At the same time it too has to prove to Government that it is worthy of the £50 a year licence fee that it is demanding this autumn.

The heavy guns will roll out shortly, when the BBC's *Borgias* and Granada's *Brideshead Revisited* start. Both are the most expensive drama productions either side has ever made. So expensive are they, in fact, that neither ITV nor the BBC wanted to risk a clash, so these programmes at least will be seen on different nights.

Already, however, the hors d'oeuvres of the new schedules have been offered. The pretty legs of Angela Rippon (am I her one remaining fan?) have been seen again (BBC 1, last night); *Kinvig* (ITV Fridays) has earned a "promising, full judgment later" assessment; and *Fighter Pilot* (BBC 1) soars off into the skies this evening.

David Robb, Hayley Mills, Holly Aird and Sharon Mughan in "The Flame Trees of Thika"

We have, however, now had two bites at one of the earliest offerings: *The Flame Trees of Thika* (ITV, Tuesdays). This remarkable Thames show demonstrates vividly what a great deal of money can do when it is well spent. The setting of honeyed scrubland, blood-red soil and burning blue skies is stunningly captured. If there is to be criticism it is of the fact that the film-makers may have fallen so deeply in love with their subject as to down its more savage natural edge.

Hayley Mills' venture into the ranks of television series stardom is a resounding success. Already she is making a thoroughly convincing transformation from the fraught new immigrant to experienced settler and it is going to be fascinating to watch further progress. Goodbye, Pollyanna, hello a TV actress of real stature.

The television adaptation of Elspeth Huxley's book also gives us an introduction to a considerable youthful talent, Holly Aird.

While I share other observers' admiration for Miss Aird's screen presence I prefer a little more brat in my child portrayals—or perhaps the school aged Elspeth Grant (Huxley) was Disney-like in saintliness and innocence as the film suggests.

What *Flame Trees* demonstrates is the strength of British television and particularly of its actors and writers, in the creation of characters. American viewers would have to wait months to see what we have just seen in a matter of days: Robert Hardy as Churchill and Hayley Mills at Tilly Grant, with the knowledge that *Diamonds* (ITV, tonight) or even *Only Fools and Horses* (Tuesdays, BBC 1) might produce more. OK, so the Americans made *Dallas*, but that for that oasis of characterisation we had to wade through a desert of *Charlies Angels*.

But all is not perfect, as *Callan* (ITV, Thursday) sadly demonstrated.

If it had not been for the call of duty the off button of my set would have felt the thud of my index finger very early on. As it was we, or perhaps that should be I since there cannot have been many of us left towards the end, had to wait for the last few minutes for any spark of life or drama to come along. There had been an anticipatory thrill of comparing Sir Alec Guinness's out of retirement Smiley with Edward Woodward's back from the potting-shed Callan, but any such comparison would be ridiculous.

Poor Mr Woodward looked uncomfortable throughout and may now be thanking the heavens that his role in the *Churchill* series offers evidence of his talent in more suitable roles. For much of the *Callan* piece the Woodward character wandered around unconvincing sets questioning what he was doing there. With that sentiment at least the viewer must have felt empathy.

Tonight the glutton for new series can start with *Fighter Pilot* (BBC 1), switch immediately to *Diamonds* (ITV) and, if bored by 9.40, switch over to what promises to be a fascinating quartet of programmes, *Enigma* (BBC 2). Personally, having consumed book, radio production and film, I will be glued to *The Day of the Triffids* on Thursday (BBC 1). Already I am nervous of looking skywards for shooting stars, perhaps after Thursday I won't even dare look my runner beans in the bud. But back to the studio...

"Hullo, Doris from Darleston here."

"Yes, Doris, how are you?".

"I'm fine, but why are there so many Game Shows on television these days?".

"Because, Doris, that nice young Mr Michael Grade at London Weekend thinks that if the Americans love them so much, so will you. Practice your hysteria and you too might get into the audience or even on stage."

Theatre Upstairs

Ripen Our Darkness

by MICHAEL COVENEY

Mary's farewell note to David, her churchwarden husband in Potters Bar, reads "Your dinner and my head are in the oven." A life of drudgery, each day centred around meal times, has driven her to suicide and a celestial meeting with a wholly feminist trinity. En route, though, Mary scores two personal victories; she comes to terms with her daughter's lesbianism and sees off the absurd diagnostic stuttering of a doctor David has sent round to commit her to hospital: "You seem to be penis mad," she tells him. "I haven't given the things a second thought in years."

Sarah Daniels is 24 and this is her first play. It loathes men, not very nicely. Although much of the writing is patchy, there is a genuine spark at work, a cavalier theatrical temperament not afraid of stylistic risks and similar, in some ways in its discussion of social problems, to the shocking confidence of another young, temporarily silent dramatist, Alan Brown.

David is doubled by David Calder with the foul-mouthed, working class violent thug, Alf. The point is that both families occupy the surreal filth of Mary Moore's design, pots caked in grey grime and clogging up the proverbial kitchen sink. The dialogue continuously veering out of kilter to accommodate appalling male insensitivity, is ruthlessly frank.

Leonard Burt

David Calder and Janette Legge

The girls of the two families—played very well, in addition to a variety of other roles, by *Cecily Hobbs* and *Carole Harrison*—have the best-written scene. One is a middle-class punk teacher, the other a working-class saboteur of the Open University. Their relationship has an almost mock conventional flavour as Mary arrives to give her blessing before being incarcerated on a religious retreat by David.

Carole Hayman's production, abetted by the smart lighting of Steve Whitson, is well cast and moves along at a good pace. Gwen Taylor offers a marvellous study of Mary, prim and confused, even stupid (which gives the play another unpredictable, liberal-baiting twist), who goes under just at the point when she perhaps could have pulled herself together and come out fighting.

The vivacity of raw dramatic invention squashes any objection to one-sidedness in the feminist argument. Just to rub salt in the wound, the one woman we see who is prepared to take men for all they have got is a fatuous sunbather with the brain of a pea. One little monologue and she is gone; but her husband is the earnest, corduroy-suited doctor of the second act.

The doctor is played by John Gillett, completing a versatile trio of interfering do-gooder, loutish young son (trailing black Durex and dirty shirts through Mary's kitchen), and sing-song vicar. The vicar's wife, who makes up the Potters Bar monopoly school, is given hard definition by Janet Legge, herself taking time off from playing Alf's whining, brutally caricatured wife Rene.

This rough-cut scenario of role-playing musical chairs and outlandish social comment, marks a most promising debut and gives off the unmistakeable aroma of new talent.

Shaw

Zigger Zagger

by ANTONY THORNCROFT

The National Youth Theatre is celebrating its 25th anniversary with a revival of its greatest success, Peter Terson's *Zigger Zagger*, first produced 14 years ago. Michael Croft, the Youth Theatre's founder directs again, but a sign of the times, and a witness to the financial difficulties the NYT faces since its Arts Council grant was axed, is the prominent advertisement for Forward Trust, the NYT's latest backer, which hangs prominently centre stage.

Since the set is a football ground the billboard almost fits in. As the curtain rises the terrace, which fills the back of the stage, is packed with over a hundred fans of "City," a mass of red and white scarves and hats, and an uplifting sight in these days when a cast of four suggests a wildly lavish management.

Wisely Croft and Terson have not attempted to up-date the play—the references to Jimmy Greaves and Nobby Stiles place it in a period which is now history. Its theme — the fanatacism of football fans who make their team their God—remains vividly contemporary. But if the action remains topical it would be a bravely conservative writer who settled on the ending, with young fan Harry Pilton choosing a safe career as a plumber rather than staying a footloose follower of the team. (Of course it remains the play's most glaring inconsistency that no thought is given to the possibility that a teenager might be a hard-working plumber and a football supporter.)

Apart from the triumph of good over evil the only other signs of the play's years are the ready availability of jobs for unqualified youngsters and the wholesome look of the cast: today's football fans are much nastier propositions. But such historical quibbles hardly matter. *Zigger Zagger* retains its wonderful enthusiasm and liveliness. Terson was on to a winner in realising that the hymns sung on football terraces were more than just good tunes—many fans did, and do, worship football teams: there are few alternatives.

Croft directs a fusillade of occasionally hackneyed scenes against the backdrop of the singing chanting mass on the terrace. Sometimes they are as threatening as a zulu impi; sometimes as angelic as choristers; always they bristle with vivacity. Among the 40 up front actors with speaking parts Richard Stone, as Harry, Angus Barnett and Matthew Townshend impressed.

Radio 3

The Theatre of Memory

by ANDREW CLEMENTS

Born in 1927, John Buller can hardly be pigeon-holed as a rising young composer, but his has been one of the more significant new voices to be heard in British music in the last five years. Much of this belated success he owes to the BBC, which began broadcasting his pieces in the mid-1970s and has continued to champion him ever since. The breakthrough came with the first performance of *Proença* at the Proms in 1978, which demonstrated not only Buller's ability to organise a large scale structure but also the colour and immediacy of his musical language in its evocation of the last days of the troubadors in medieval Provence.

For Monday night's Prom the BBC had commissioned an orchestral work from Buller and the result, *The Theatre of Memory*, is an even more ambitious attempt at interweaving cultural strands, this time without the help of a specific text. Buller worked as an architectural surveyor before concentrating on composition, and architectural theory bulks large in the new work. The Greek theory of the art of memory—the siting of memory images in imaginary rooms and re-creating sequences of these in various orders—is overlaid on the conventions of Greek drama itself. Thus, *The Theatre of Memory* revolves around the number seven. Seven instrumental soloists—celesta, flute, cello, cor anglais, trumpet, harp and contrabass clarinet—represent the seven pillars of the Renaissance "memory theatre" while the music itself is built out of seven episodes and seven choruses. The episodes give prominence to each of the soloists in turn.

Yet such a highly organised structure hardly promises such beguiling and seamless music. The piece plays for 40 minutes, and Buller's dedication of it to the players of the BBC Symphony Orchestra suggests that one of his motives for writing it might have been to provide an opportunity for them to display their talents; the virtuoso writing is not confined to the solo episodes but carries over into the orchestral choruses. The glistening surfaces — solos picked out of tuttis and carried back to renew the argument—are continually attractive, and sometimes, as in the black, threatening sounds extracted from the contrabass clarinet, quite distinctive.

But a first hearing questioned the proportion of slow to fast music. Buller has such an easy way with lyrical, slowly developing lines that the occasional lack of any genuine harmonic momentum is almost disguised, and he packages his ideas so cleverly that one forgets his opening gesture — the work begins with the orchestra tuning up until a solo trumpet breaks into an excitable cadenza—has been used before.

Kent Opera's autumn season

Highlights of Kent Opera's autumn season are Nicholas Hytner's new production of Mozart's *The Marriage of Figaro*, sponsored by National Westminster Bank, and a revival of Jonathan Miller's production of *Eugene Onegin*.

Both productions open at the Assembly Hall, Tunbridge Wells, and are then joined in repertoire on tour by Jonathan Miller's production of *Così fan tutte* seen in revival on this year's spring tour.

After initial performances at Tunbridge Wells (*The Marriage of Figaro* September 29, October 1, October 29 and *Eugene Onegin* October 30) the company visits Poole (Towngate Theatre, Poole Arts Centre, November 3-7), Eastbourne (Congress Theatre, November 10-14), Southsea (King's Theatre, November 17-21) and Southend (Cliffs Pavilion, November 24-28), a new venue introduced into the company's touring schedule instead of the more regular Theatre Royal, Bath, which is undergoing extensive renovations.

Although a regular visitor to other parts of East Anglia, this will be Kent Opera's first visit to Essex.

Tricycle, Kilburn

In Dreams

by ROSALIND CARNE

Hull Truck Theatre Company have reached their tenth birthday with a solid reputation, a pleasing foyer exhibition, and an intriguing new play by Alan Williams. First, a plug for the company's poster designers, particularly Baz Ward and Jean Stokes, for their clever, imaginative work. As for the play, there is much to admire, but it disappoints, too, notably, in the strangely abrupt conclusion.

Tigger and her husband Ralph both live through minor self revelations. He, an appallingly self absorbed young folk singer, rediscovers his need of her as a mummy/nanny figure. She, through the raw edged traumas of insomnia, experiences something like epiphany when she realises that she neither wants nor needs him, but takes him back after all.

A third character, David, provides much of the stage interest. He is the eccentric heir of wealthy land owners in the small Welsh community of the setting. Perpetually drunk, he revels in bombast, declares himself a distant relative of William Blake (hence presumably Tigger) and gushes extravagent monologues, peppered with scrambled literary references. His confrontations with Tigger and Ralph reveal much about the couple, but neither appears particularly affected by him. On his final exit he is dismissed by Tigger as harmless and mad.

Alan Williams has an original even idiosyncratic talent which delights in the concrete and quirky. London audiences may remember his *Cockroach Trilogy*. *In Dreams* is a heavily verbal play with extensive explanation of crucial off-stage events. But there are marvellous comic moments, as well as other more successful intrusions from the wider world. Allusions to Harry Belafonte, the Liverpool riots, Mike Harding, Virgin Records, stab through the claustrophobia of Tigger's heavily furnished living room.

Meryl Hampton is excellent as Tigger, twitching with wakeful fatigue, sullen, then breaking into glorious animation as she talks of the countryside and the things she loves. She has the rare gift of revealing the inexhaustible interest of anything human. The gift is less apparent in Nigel Nevinson's Ralph. His portrayal of the revoltingly self-important folk singer is as prosey as a walk through in its early moments. Later there is a sense this is simply characteristic of the man he portrays—insensitive, untouched by all but his own grosser concerns. Nevertheless, he is hard to watch.

This is equally true of David (Chris Jury) saddled with the problem of appearing drunk throughout. By the final scene I had grown used to the actors' peculiarities. But then the play fell apart.

Arts Council Grants

In its policy to be more open the Arts Council has anounced another list of grants for 1981-1982. Some have already been reported — such as the £4.5m for the English National Opera and the £150,000 for the Mermaid. Others break new ground.

There is, for example, a first-time grant of £6,000 for Cheek by Jowl Theatre Company towards any deficit incurred in its production of *The Country Wife*, which opens this month. E and B Productions, a commercial management, is receiving a £5,300 guarantee for its touring production of *Duct for One*.

This year the Arts Council is putting more money the way of hard-pressed regional orchestras and to strengthen dance companies. The Royal Liverpool Philharmonic is getting £408,000 as against £340,000 last year; the London Festival Ballet receives £105,000 more at £765,000, and the Contemporary Dance Trust will be aided by £450,000 as against £390,000.

Christie for Christmas

There is once again a Christie for Christmas, a stage version of her thirties murder mystery *Cards on the Table*. It is presented by Peter Saunders, who is responsible for *The Mousetrap*.

Cards on the Table opens at the Vaudeville on December 9 after a regional tour and stars Gordon Jackson with Margaret Courtney, Derek Waring, Pauline Jameson, Gary Raymond, Belinda Carroll and Mary Tamm.

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Europe's lag in electronics

THE FAILURE of European industry to hold its own against the U.S. and Japan in certain high-technology sectors has long been a source of concern to the European Commission in Brussels. Numerous proposals have been put forward for remedial action at the EEC level, but for the most part governments have preferred to keep matters in their own hands, subsidising and protecting national champions in such fields as computers and micro-electronics. There have been few successful government-backed initiatives to pool national resources and to obtain economies of scale; the Airbus is a notable exception.

The diffusion of effort within the EEC is particularly striking in the case of semiconductors, a technology which is at the heart of the fast-growing electronics industry. As a report just issued by the Sussex European Research Centre makes clear, it is a classic case of Europe's technological lag and of the extreme difficulty of catching up.

Gap closed

Since the invention of the transistor by Bell Laboratories in 1948, U.S. companies have been the leaders in subsequent technical developments such as integrated circuits and microprocessors. Through their domestic plants and their overseas affiliates they account for well over half world production. From the mid-1960s onwards the Japanese made an enormous effort to catch up; by the end of the 1970s the technological gap had been largely closed and Japanese imports were beginning to cause concern in the U.S. domestic market. Within Europe Governments supported their semiconductor companies during the 1970s, mainly through subsidies for research and development, but there was nothing like the same clarity of objective or unity of purpose as there had been in Japan. Only two European companies, Philips of Holland and Siemens in Germany, now rank among the world's top 10 semiconductor companies.

The authors of the Sussex report think that, without changes of policy, Europe's position in semiconductors is unlikely to improve. While Philips and Siemens will probably continue to go it alone (aided by their purchase of American semiconductor houses), France, the UK and perhaps Italy will do enough to maintain some sort of indigenous domestic industry but not enough to lift their companies into the "big league." The domination of the business by the U.S. and Japan will continue.

How much does this matter? Some have argued that a country's electronics industry needs the presence of one or more nationally-owned producers of standard "microchips" who are at the leading edge of technology; dependence on imports or on suppliers whose main research base is the U.S. or Japan may impose some competitive penalty. But this disadvantage, if it exists, is hard to quantify. Standard chips are available from a variety of sources. For the customer the nationality of the supplier is less important than quality, price and delivery.

Even if there were the political will and the institutional machinery to carry it out, a Japanese-style catch-up strategy in semiconductors would make little sense for the EEC; the Americans and the Japanese are too far ahead, and it is essential that their technology should be freely available to the European electronics industry. But the lag in semiconductors — and the response of governments to it — does focus attention on a central European weakness: the existence of competing or conflicting national policies which inhibit the creation of a large, homogeneous market.

There are other parts of the electronics industry — for example, telecommunications equipment — where the relative position of European companies is much stronger. Yet because of national protection, differing technical standards and other barriers these companies do not enjoy a "home market" of the size which is available to their U.S. and Japanese rivals. It is in removing these barriers where greater co-ordination at the EEC level would be most helpful.

Alliances

At present governments, anxious to preserve jobs in their own countries, are reluctant to open up their market. Partly for that reason, electronics companies seem to favour acquisitions or alliances in the U.S. or Japan rather than collaboration within Europe: not all of them would willingly give up national protection for the uncertain opportunities of a liberalised European market. Yet as long as the "balkanisation" of Europe continues, European industry will fail to realise its full potential.

Commonsense in Central America

THE FIVE-NATION talks which have been going on this week in the capital of Costa Rica are proof that not all the news out of Central America need be bad news. The very different political colourings of the governments of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica (which range from Right-wing military through parliamentary democratic to Left-wing socialist), have not prevented them sending ministers to San José to discuss a regional development programme. This would be funded by the international financial agencies and the U.S., Canadian, Mexican and Venezuelan governments.

The day-to-day demands of national jealousies and disagreements in the area would indicate that the five regional governments should be at each other's throats. The Hondurans still have not forgotten that the Salvadoreans beat them a decade ago in the so-called "Football War."

Superiority

The Nicaraguans are fearful lest the Hondurans allow the supporters of the former Somoza dictatorship to launch an attack on them over Nicaragua's northern border while at the same time the Left-wing government in Managua has to extend verbal support to the insurgents who are fighting the Salvadorean government. The Guatemalan administration of General Romeo Lucas feels let down by his neighbours who are refusing to back his opposition to the independent Belize which emerges later this month. The Costa Ricans assume an attitude of some superiority towards their regional neighbours who have not been able to work out the parliamentary forms that have been perfected in San José over the decades.

These animosities, however, have been submerged as the five countries, all of them members of the Central American Common Market, have sought to co-operate on an overall scheme to benefit the region as a whole.

The five governments clearly recognise that regional co-operation is essential for economies which are not only underdeveloped but also badly battered by the world fuel crisis and far from confident of their future. Another hopeful sign is the tacit admission by the Guatemalan Government that it has no hope of enforcing its shadowy claim to sovereignty over Belize, while the government in Nicaragua has made peaceable diplomatic gestures to Washington and reiterated that it wants a normal relationship with the U.S. authorities.

The most effective display of commonsense is still awaited, however, from El Salvador. At the end of last month the French and Mexican governments joined in issuing a statement which urged talks on the future of that war-torn country and called on the insurgents to be recognised as a valid interlocutor about the future of El Salvador.

More aid

The statement caused much fluttering in Latin-American dovecotes; nine governments quickly expressed their disagreement. Yet it is clear that neither the Duarte Government in San Salvador nor the left wing insurgents who are attacking it have the resources to gain outright victory.

President Napoleon Duarte will need much more military and financial aid than the U.S. is currently willing to give him if he is to blunt the attacks of his opponents. El Salvador, it may be forecast, would have to be laid waste entirely before the opponents of the Duarte Government were fully neutralised. At the same time the social democrats and their Marxist comrades-in-arms who are fighting the Duarte Government appear to be no nearer than they ever were to control of the embattled Salvadorean capital. It is doubtful if they could win it against the opposition of a U.S.-backed Government despite all the aid they are receiving from outside sources.

In such a situation it is clear that the Franco-Mexican call for round table talks on the future of El Salvador should be heeded. The motives which led President Lopez Portillo and President Mitterrand to issue their call may have been coloured by a desire to cock a snook at Washington. The call itself should not be rejected for that reason. It is a commonsense call and, as the San Jose talks show, Central Americans are not blind to commonsense.

SIR GEOFFREY'S LONG HARD AUTUMN

SIR GEOFFREY HOWE, settling down to the gloomily familiar September task of another effort to cut public spending, faces a long and hard autumn. His economic strategy received a battering in June and July. Back at his desk in the Treasury, the Chancellor knows his problems have not lessened in scale during the holidays. Events and decisions over the next two or three months will show in what form his strategy can be maintained and how much it will have to be modified.

The six weeks before Sir Geoffrey went away on holiday were, in the words of one of his senior officials, the worst period since the election. Difficulties came quickly on top of each other—the inner city riots, the Warrington by-election, the sharp fall in the value of the pound, the upward pressure on interest rates, the uncertainties about the prospects for economic recovery and for inflation, the steady rise in unemployment towards 3m and the resistance of spending ministers to Treasury calls for further cuts in their programmes.

All these problems made the Treasury seem more isolated than ever. This mood led to public squabbling before the holidays, involving somewhat ironically the minister responsible for the Government's own propaganda, Mr Francis Pym. Sir Geoffrey himself also became prone to errors. He was involved in a wholly unneccessary row after saying that the economy was at the end of the recession.

The August holiday may have removed some of the jitteriness of late July but the basic problems have not gone away. Indeed several key tests for the strategy have come nearer.

Sir Geoffrey's difficulties may be compounded by this week's further sharp fall in sterling, which threatens to put further upward pressure on the pound by increasing the cost of imported goods and raw materials.

The outcome will be determined both by events outside Sir Geoffrey's control and by decisions taken by him and his Cabinet colleagues. The main public focus will be on the annual review of public spending plans which will affect the scope for tax cuts next spring. The context for these decisions will be set outside Whitehall by what is happening to output, unemployment, inflation, sterling, interest rates and the money supply—and possibly also by what is happening on the streets.

Glyn Genin

Crucial tests for Britain's economic strategy

By Peter Riddell

● First, output. There has been a rambling debate in recent weeks about whether the recession has ended. It all depends what you mean by recession—some definitions imply the end of decline, others imply resumption of growth while yet others require a return to longer-term trend levels of output.

What is clear, and has become clearer in the past month, is that manufacturing output has levelled out during the summer. Some analysts, particularly in the City, even believe that a modest pick-up in activity is under way. They point to various cautiously optimistic business opinion surveys and to a recovery in production in the chemicals and metal manufacturing sectors, which tend to move ahead of the economy as a whole.

Ministers remain hopeful about the prospects for recovery. In the first major policy statement from the Treasury since the summer break, the Chief Secretary, Mr Nigel Lawson, last week held out the hope of "some increase in orders and output in the coming months."

The snag is that the evidence is likely to be tentative for several months ahead. The figures during the autumn and early winter may, at best, only confirm the levelling out of activity and are unlikely to show any clear signs of recovery. Indeed, output is likely to fluctuate up and down from month-to-month.

● Second, unemployment. The Government will be lucky to avoid a rise in the "headline" total above 3m during the autumn from the present level of 2.94m. The timing is uncertain both because the figures are continuing to be artificially inflated by the impact of the civil service dispute and by changes in the pattern of unemployment among school leavers.

It is possible that during the winter and spring the headline figure could stabilise as the Government's new job assistance measures take effect and the impact of the dispute unwinds. While the growth of the adult total has slackened to an average of less than 40,000 a month, compared with well over 100,000 last winter, this is still rapid by the standards of any previous post-war recession.

● Third, inflation. A single figure annual rate of increase in retail prices is not now expected to be achieved until the second half of 1982, at the earliest, partly because of the impact of the fall in sterling.

Nevertheless, recent monthly increases in retail prices have been less than expected as a result of continuing intense competition for many goods like clothing. These pressures may mean that importers do not increase their prices fully to match the fall in the exchange rate. Instead they may cut their high profit margins in order to retain market share. The outcome will also be determined by pay rises this winter and ministers have already been busy trying to talk down the level of wage claims.

Over the next few months the outlook is for a 12-month rate of increase of between 10½ and 11½ per cent with no significant further slowdown.

● Fourth, sterling and interest rates. The speed of the fall in the pound against the dollar has worried policymakers and there is now a preference for stability, though there is in no sense a formal target. Many industrialists, of course, still emphasise the squeeze caused by the continued high level of sterling against the main Continental currencies — although the pound has, ominously, started to fall sharply against the Continental currencies during the past few days.

The Government has pursued a delicate balancing act in which money market interest rates have been allowed to rise in an attempt to limit the fall in sterling but not so far as to force the clearing banks to raise their base lending rates.

The absence of a published Minimum Lending Rate under the new flexible monetary con trol regime does not mean any lack of concern among politicians about the level of interest rates. Their desire to avoid an increase remains—and relief is awaited from across the Atlantic in the form of lower U.S. interest rates.

● Fifth, financial prospects. The money supply and public sector borrowing figures have been completely distorted by the impact of the civil service dispute on tax payments. After adjusting for these effects, the Bank of England reckons that the rate of monetary growth is likely to have been within the official 6 to 10 per cent range. Whitehall officials believe that public borrowing is more or less on target in 1981-82, and there are even hopes of a slight undershoot.

In theory, the unpaid tax bills should have no longer-term impact, but City analysts are worried that the actual rate of monetary growth of 17½ per cent since the early spring (plus record borrowing of £6.8bn between April and June) has added to private sector liquidity. On one view, this represents a kind of back-door reflation—on a scale which even the keenest expansionist would envy.

The Government therefore faces the dilemma that the payment of these delayed taxes may drain liquidity out of the monetary system, adding to the upward pressure on bank interest rates. These payments may also increase industry's demand for bank credit at a time when borrowing by personal customers is buoyant and causing some concern to the authorities.

The unwinding of the strike effects may take several months. But by November the statistical fog may have cleared enough to show whether the excess growth in public borrowing and the money supply in the summer was temporary, or not. The Government is likely to face a nervous time with the City markets sceptical and watchful for any signs of relaxation.

Overall, Sir Geoffrey will probably be able to point to few positive economic indicators over the next few months. And he could be faced with some awkward problems on the monetary side. Yet this does not mean that his strategy is about to be scrapped.

The striking feature of recent discussions among Tory Ministers has been the absence of proposals by them of fully-fledged alternatives to the current economic strategy. This is in contrast to the intense debate about alternative strategies in the Labour Cabinet during the 1976 sterling crisis.

The meeting of the present Cabinet which discussed the economy in June revealed widespread worries that the hopes in the March Budget of lower interest rates and economic recovery had not been fulfilled. But these pleas amounted to no more than a desire for a bit more flexibility and help for those worst hit by the recession. There was general agreement that the kind of reflation demanded by the TUC is not the answer.

Yet the strategy still faces a major challenge. This is as a result both of the resistance of spending ministers to further cuts and of their proposals for piecemeal increases in certain programmes. The survey by officials of existing plans and new proposals has been completed and the omens are not exactly encouraging.

The bids for extra expenditure in 1982-83 amount to around £5bn (or nearly 5 per cent) above the level proposed in the spending White Paper last March. Roughly £2bn to £3bn consists of requests from nationalised industries and public corporations, mainly for extra investment. The rest represents proposals for extra spending on a series of items—employment assistance schemes, inner city aid (following Mr Heseltine's visit to Liverpool), defence and so on.

The discussions are still at an early stage and there is, of course, a big difference between initial bids, which always tend to be high, and final decisions. Yet the Treasury clearly faces a hard battle to rein back these plans to be consistent with the projections for spending, borrowing and monetary growth in the medium-term financial strategy.

Sir Geoffrey and Mr Leon Brittan, the Chief Secretary responsible for spending, have not given up the fight. They have repeatedly stressed that any extra spending on helping the unemployed and other projects must be offset by savings elsewhere.

Before the holidays the Treasury appeared to be in danger of losing the initiative on the issue. But they still have some cards to play. First, the Prime Minister remains a strong supporter of the thrust of the strategy. Second, the Treasury can argue that, unless spending is held down, there will be no scope to help industry directly via a cut in the employers' national insurance surcharge next spring. There will also be no room to make politically attractive large reductions in income tax before the next election.

Meetings between Mr Brittan and spending ministers have already started though the main decisions will not be taken by the Cabinet until late October and November. However, during the next few weeks ministers will have to decide on the assumptions on pay and price rises to be built into the spending plans and ultimately into cash limits. A tight squeeze, especially on public sector wages, could offset some of the cost of extra help for the unemployed and of higher capital investment.

The divisions within the Cabinet on economic policy should not be exaggerated. At present, the seams are strained, not split. Even if public spending eventually turns out to be rather higher than the Treasury would like, the gap may amount to no more than £1bn to £2bn. This would make the financial targets [illegible] to achieve and would [illegible] the scope for tax cuts. But it would not mark the abandonment of the strategy.

Critics will no doubt argue that, instead of planned reflation, the Government has been forced into a series of adjustments (on British Steel, BL, capital investment and so on) which amount to the same result. But the scale of the concessions is still small by comparison with what other post-war governments did in response to recessions and what the Heath Administration did in 1972-73.

Sir Geoffrey faces a difficult time trying to keep his strategy broadly intact. Not least of his problems will be to persuade both his ministerial colleagues and the public that the current approach will produce noticeable benefits before the next election.

MEN AND MATTERS

Scoring a bull in China

Seven days in room 6066 at the Peking Hotel being grilled by Chinese officials about their plans . . . then more like seven months' interrogation in the City of London about their budget.

"Quite honestly I didn't think we had a snowball's chance in hell of landing the contract. None of us has ever been through such a screening," says Nigel Houghton.

With fellow independent film-makers, Peter Montagnon, award-winning producer of the BBC's "Civilisation" series, and Hong Kong-based Patrick Lui, however, Houghton yesterday scooped the world's television companies by signing a deal for a ten-part documentary on "The Chinese."

The first film crews are due to leave this month to begin more than a year's filming in China, guaranteed "an enormous amount of freedom" and backed by £4m of City money.

The end-product should be "the most comprehensive picture of China ever shown"—to be marketed worldwide with an accompanying book written by Montagnon's associate and script editor for the series, Alasdair Clayre.

First thoughts emanating from Peking, picked up and informally networked by Lui, was for a series on the Great Wall. "We had to persuade them to let us put together a much broader picture of Chinese life than that," says Montagnon. "It took a week of very hard bargaining to get agreement."

After a fruitless visit to New York in search of financial backers, the film-makers turned to the City for help. Stephen Keynes, nephew of the great John Maynard, a former IBA director and now an executive director of financial services group English Association Trust, took up the project.

Though a new line for EAT, "it just happened to bring together all my main interests," he tells me, "television, travel, and, not least, finding new business opportunities."

Montagnon reckons that the City's scrutiny was even keener than Peking's — but backing came from London Trust, already with investments in television, from United Media, Andrew Weir, and a group of major insurance companies.

"I always thought they were staid and stuffy," says Montagnon, "but they have got guts."

Car perk

I do think that the West Yorkshire Passenger Transport Executive could have devised a more tactful package of benefits for the Deputy Director General whom it is seeking to assist in "developing the strategies, setting the priorities and ensuring the proper management of the operation of a vigorous but cost-effective public transport service in West Yorkshire."

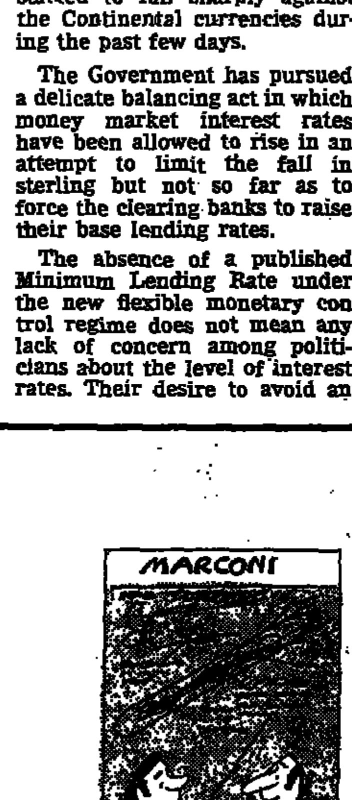
"24,839," offers the advertisement, "plus car."

Up the ladder

Trade unionists in the elevated ranks of the TUC General Council tend to be at a stage in life when they may be diplomatically described as "experienced" or "senior" lieutenants in that great movement of theirs, and much given to reminiscences of the number of late-season excursions made in its service to the seafronts of Blackpool and Brighton.

Few of them however, would care to admit remembering when last it was that the dizzy heights of the platform were scaled by one so relatively young as Ken Cameron, 39-year-old general secretary of the Fire Brigades Union — though at 41, Arthur Scargill of the miners runs him a close second.

Cameron is a popular union man, and an avowed left-winger. He said yesterday that he took more pleasure in seeing fellow



"It would clinch the deal if you could make it reusable!"

left-winger Alan Sapper retain his General Council seat in the face of a determined right-wing opposition than he did in winning his own.

It was the 1977-78 firemen's strike which first brought Cameron to national notice. He was then the union's executive member for the Midlands. Subsequently, he became a full-time FBU officer and in May this year took over as general secretary of the 30,000-strong union. His succession to the union's top job and by extension its General Council seat was achieved with the backing of outgoing general secretary and former TUC chairman Terry Parry.

A Fort William Scot, Cameron trained as a local newspaper journalist before joining the fire service, evidently preferring to ride the red engines rather than chase them.

Fly wheels

As BL splutters along under the weight of its £226m first-half loss, and Concorde threatens to fly into further turbulence across the Channel, an enterprising London motor dealer is doing its bit to help these two struggling offsprings of the British public sector to prop one another up for the time being. Anybody buying the one from J. Gibbs of Bedfont, Middlesex, will get a free trip in t'other—which is to say that anybody buying a Leyland will get a free trip in Concorde, rather than the other way round.

The garage is inspired by its location hard by Heathrow airport, and also by a strain of drum-banging patriotism. "Buy British, Fly British," is the slogan for a campaign which is intended to offer a more attractive bonus to BL buyers than the cash discounts offered by other garages. Smaller buyers of, say, Mini Metros will be offered a jaunt across the Bay of Biscay, explains sales manager Alan Lock. Bigger fry—Rovers, larger commercial vehicles—can opt for a day trip to Cairo with a tour of the Pyramids thrown in.

The offer, which runs through October, lured in five customers last week and three so far this. The cost to the garage will be up to £800 a seat for Cairo if the trips have to be booked individually, less if the offer is successful enough to be able to charter a plane of its own.

Gravy trained

A correspondent sends me the following improbable recipe from an American newspaper: "Marinate the steak in the sauce for at least three hours, then cook on a hot grill, basting with sauce at frequent intervals. Alternatively, pour off the sauce after marinating, heat separately, and let your guests pour it on themselves if they wish."

Observer

Michael Donne explains why 1981 is turning out to be a bad year for the airline industry and why 1982 may be no better

World airlines tighten their seat belts

THE FARE increases on the transatlantic air route between the UK and the U.S., which became effective on Friday, are just another symptom of what is proving to be a very bad year for the world airline industry. Costs of all kinds have continued to rise, traffic has fallen away as a result of the business recession, and despite fares rises on many world routes earlier this year of about 7 per cent, revenues have failed to keep pace.

As a result, the cumulative losses for the world air transport industry as a whole this year are expected to be in excess of the $1.1bn of last year, and there are no signs of any improvement. Many airline executives believe that 1982 will be as bad.

Some of the biggest airlines have been the worst hit. They are tightening their belts to stem the rising tide of losses and to keep costs under control. The main objective is to survive, in the hope of better times perhaps before the mid-1980s.

British Airways incurred a £141m pre-tax loss in 1980-81 against a £20m profit in the previous year. It has cut staff by 8 per cent to just over 52,500, and aims to get the total down to 43,000 as soon as possible. Routes have been cut (especially in the UK); flights trimmed back; some pilots grounded temporarily; unwanted aircraft, including two Boeing 747s, sold off; and unwanted assets, such as the Victoria Air Terminal, sold.

BA's basic net operating deficit was about £70m, but it had to pay over £70m in interest, primarily in new aircraft (29 Boeing 737s and 19 Boeing 557s). This high interest rate burden will continue for some years to come, as most airlines finance new aircraft purchases over a period of about 10 to 12 years or even longer in some cases.

Pan American, which incurred losses of $217.6m in the first half-year, has been told by its bankers to cancel or delay delivery of 10 aircraft and persuade staff to take a 10 per cent pay cut. It has sold its profitable Intercontinental Hotels subsidiary to Grand Metropolitan as part of a plan for a new $200m credit to ease its financial troubles.

Other major airlines have not yet been forced into quite the same straits but many have deferred equipment purchases or delayed picking up aircraft already ordered. In some cases routes have been cut, or plans to start new ones postponed, flight frequencies have been trimmed, especially in the U.S. and in some cases staff has been reduced.

The accompanying chart shows that most of the major airlines in Western Europe have recently incurred losses, the exceptions being Swissair, Lufthansa and KLM, and inside the U.S., Delta. All these airlines are well-known for exceptionally tough management techniques, tight budgeting, aggressive salesmanship, and among the Europeans, conservative policies on fares. Neither Swissair nor Lufthansa has followed British Airways in abolishing first-class in Western Europe. There is no magic formula for success in the airline business, but those losing heavily would like to know the secret of the others' success.

The basic cause of the industry's woes is the business recession, which is now biting deeply. Last year, the effects were bad enough — the 110 member-airlines of the International Air Transport Association lost $1bn on operating account, rising to $1.1bn when interest, taxes and other items were included. But it did not cause an overall reduction in traffic.

In 1980, according to the International Civil Aviation Organisation (the aviation technical agency of the UN), world scheduled passenger traffic fell by 0.5 per cent—the first fall recorded in the post-war period.

This year, with much of the airlines' fat already trimmed off as a result of last year's problems, the situation is expected to worsen.

There is little doubt in the minds of most airline executives that fuel-related fare increases are also depressing traffic, especially in the U.S. and Western Europe.

The cost of fuel now accounts for about 30 per cent of the airlines' operating costs, against about 10-12 per cent a decade ago, and it is feared that this figure will go even higher through the 1980s, reaching perhaps 35 per cent before the end of the decade.

A recent survey by the IATA of traffic in 1980 showed that the North Atlantic had the lowest growth since 1975, up only 1 per cent to 18.8m passengers in all, with a gain of 5 per cent in scheduled traffic offset by a fall of 24 per cent in charter travel. The Atlantic route, served by over 30 airlines between Europe and North America, is estimated to lose about $500m a year alone, and it may not be long before some airlines decide to abandon the routes they opened only in the late 1970s. (Western of the U.S. is to end its Gatwick-Anchorage route on October 9.)

One of the difficulties facing the airlines is that, largely because of government and consumer pressures, they cannot put up their fares by the amounts needed to recoup rising costs. Indeed, to do so would depress traffic even further.

The situation is complicated by delays in getting government permission to raise fares. IATA estimates that it takes several months between a fuel price rise, which has to be met immediately, and winning approval for even a partially compensating fares increase. The result is that the airlines say they are running about $1bn behind in recouping their fuel costs alone.

Significantly, this figure closely matches the overall $1.1bn deficit incurred last year. This has led IATA to exert considerable pressure on governments to approve a complex formula enabling airlines to raise fares automatically when fuel prices rise by certain amounts.

This "pass-through" formula has not yet been given approval —Governments tend to be wary of surrendering their ultimate control over fares — but IATA has not given up hope of some kind of system to alleviate the cash shortfall.

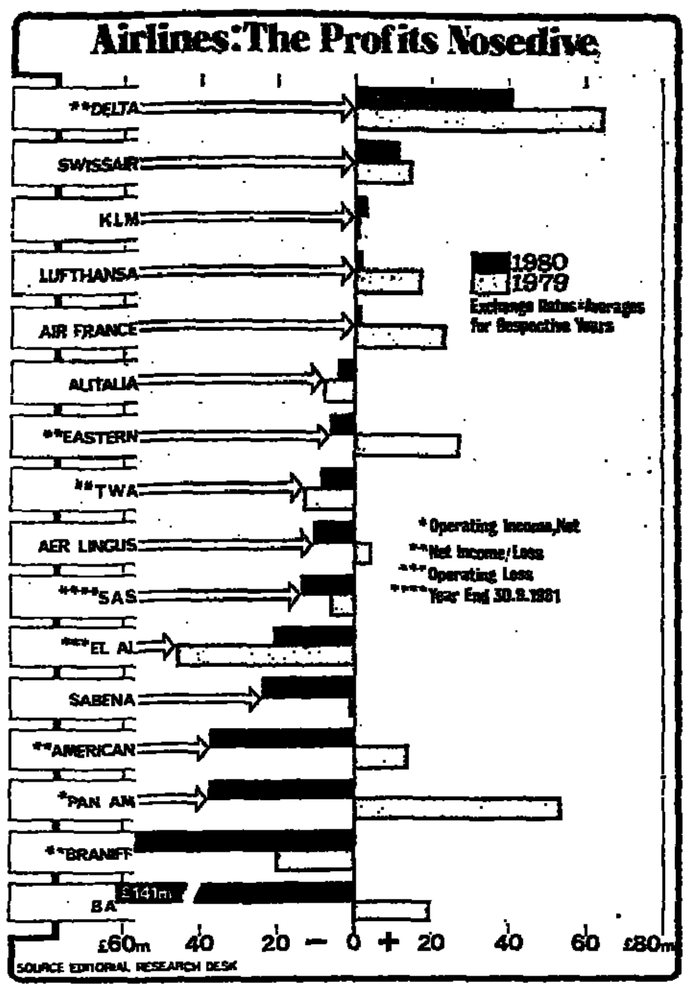
UK airlines are in the vanguard of bids to introduce some types of cheaper fares to the Continent. British Airways has already introduced its "New European Product," abolishing first-class and substituting tourist class for economy class while British Caledonian has consistently sought (with limited success) to introduce a wide range of "Mini-Prix" fares.

But on the Continent, while some airlines, including Air France, have followed BA, the tendency is still to look askance at such cuts, arguing strongly that the time is not ripe.

Indeed, the chances of airlines agreeing to—or being able even to consider—fare reductions at this time are remote. They recognise that lower fares lead to increased traffic, but are caught in the squeeze of recession and rising costs which tends to make all thoughts of immediate fare reductions academic. But when overall economic conditions improve, some basic changes in the fares structure will probably occur.

The air traffic controllers' dispute in the UK and the U.S., with supporting actions in some other countries, such as Portugal and Canada, have cost the airlines dearly. British Airways alone estimates the UK disputes earlier this summer have cost it about £60m, with flights delayed, re-routed or cancelled outright.

Some analysts have suggested that the current U.S. air traffic controllers' dispute may be a blessing in disguise, forcing a cut of up to 25 per cent in schedules, with consequent savings in costs; few airline executives in the U.S. would agree.



Graham Lever

A ray of light for the jet builders

THE RECESSION and rising costs have come at a time when much of the world aircraft fleet is ageing — more than 2,000 jets are over 13 years old. The airlines will have to replace this equipment, and much more through the 1980s with the new-generation jets having substantially improved fuel consumption, lower noise levels and greater payloads.

There are already orders outstanding for some $29bn of new equipment, but Boeing, the biggest jet builder in the world, estimates that there will be a demand for up to $122bn more new jets — by about 4,700 aircraft—by 1991 to meet the replacement market and anticipated traffic growth.

This long-term optimism is the one ray of light in an otherwise gloomy situation. Orders for some new jets have been cancelled, and some deliveries deferred, but the airlines and makers will not reveal how many.

What is clear is that there has been a sharp slowdown in the inflow of new orders this year for all the four major manufacturers—Airbus Industrie, Boeing, Lockheed and McDonnell Douglas.

Airbus Industrie, which is launching its new A-310 while still building up sales of the bigger A-300, is the only one of the four expanding production (from the current three aircraft a month to a planned eight a month by 1984) to meet contracts.

The others are cutting back on wide-body jets. Boeing is cutting back its 747 output from seven aircraft a month last year to three aircraft a month now; McDonnell Douglas has halved DC-10 output from 0.83 to 0.43 aircraft a month, while Lockheed is cutting TriStar output from two to 1½ a month, and may cut it further to one a month.

But elsewhere in Boeing, work on development and production of both the new, fuel-improved 767 and 757 is being pushed ahead, although orders are slow for both, while McDonnell Douglas is also fully committed on its new DC-9-80 series.

These cutbacks on wide-bodied aircraft will be reflected in lower deliveries to the airlines in the 1983-84 period, and they are also affecting suppliers, such as the engine makers. Rolls-Royce recently told its suppliers that it was reducing supplies of "big thrust" RB-211s for the 747 TriStar, although it is pushing ahead with new, fuel-efficient engines such as the Dash 535.

All the aircraft manufacturers say, however, that the longer-term outlook is brighter. Boeing is discussing sales of at least another 100 jets from the 747 Jumbo down to the small 737-300, but admits the airlines are taking longer to make up their minds on what, and when, to buy.

High interest rates are a particularly significant factor. There is a genuine difficulty in deciding what to buy in many cases — the A-300 and Boeing 767 are closely matched in performance capabilities, as are the A-320 and Boeing 757 — and the ultimate decision often turns on the purchase price and the interest rate the airline can get for the loans.

Letters to the Editor

Non-enterprise zones?

From Mr D. Kenlock.

Sir,—I have noted with interest your survey (September 8) and recent correspondence on enterprise zones but feel that your correspondents are unaware of certain realities.

Industrial land just outside the Isle of Dogs zone in London is selling for around £50,000 per acre. On behalf of a client, I was recently asked to acquire a 1 acre factory site within the zone and was informed that this will cost £250,000.

My client will save approximately £20,000 per annum in rates relief by being inside the zone, but will be burdened with the loan repayment on the extra £200,000 required to purchase the site. Overall, there is an actual disincentive to locate inside the zone.

The Docklands Development Corporation (which is "promoting" the enterprise zone) admits that it is offsetting the rates relief inside the enterprise zone by asking extra money for the land; at the time of writing I am unaware of any successful land sales being made by the Corporation. There has been considerable controversy over enterprise zones and their effect on the prosperity of nearby areas.

On present form, land outside the Isle of Dogs zone may now actually rise in value due to such a large landholding being "frozen."

Once again it appears that local bodies entrusted with implementing a Government policy are failing in their task, and are being allowed to get away with it. In the above instance, their policy has made the viability of the expansion plans of my client a "border line" decision and hence 30 jobs have been "lost" to the area.

David Kenlock,
Druce and Co.,
21 Manchester Square, W1.

Deferred state pensions

From Mr M. Iqbal

Sir,—Mr Jacobi (September 4) makes the common error of comparing chalk and cheese.

As Mr Short stated, the basic state pension of £29.60 per week payable from 65 is increased to £40.59 per week if retirement is deferred to age 70. Mr Jacobi suggests that because at age 65 £1,000 would buy a deferred pension of £322.74 from age 70, as compared to £176.89 commencing immediately (an increase of 82.45 per cent), the state pension should also be increased by a similar proportion. What he has overlooked is that the figures quoted by Mr Short are on the basis of constant prices. The figure of £40.59 per week would be further increased to reflect increase in price levels over the five years. It would take a mere 5.9 per cent p.a. increase in the retail price index to make the state pension better.

Even more important is the fact that the state pension, once it commences, is index linked. Leaving aside the fact that you cannot yet buy index linked annuities, if this were costed on an "actuarial basis" the increase would be far lower than the 82.45 per cent.

The truth is that the state pension scheme is part of the Government's overall social security programme. National insurance contribution is really a form of social security tax designed to meet the current benefit commitments of the DHSS. The pension that the state has undertaken to provide is pitched at a level it considers to be socially reasonable. In the circumstances any talk of value for money is pure nonsense.

M. Iqbal.
26, Bramble Drive, Bristol.

Oil price changes

From Mr P. Dodd

Sir,—I have only just had a chance to study Mr Wareham's masterly analysis (August 20) of the Shell and Esso letters.

I read reports from oil brokers that the spot price for marine diesel oil in Rotterdam two weeks ago was US$277 per tonne. At the same time, friends inform me that the spot price for UK ports for Shell marine diesel was £190.55. At US$1.84 this comes to US$350, a difference of US$73 per tonne.

They will, of course, plead fluctuations in the Rotterdam spot market and stability in the UK, but I am advised that prices in Rotterdam have not moved substantially for some months while the UK price seems to move ever upwards.

We read that the British shipping industry is going through difficult times—it is certainly not being helped by the oil industry.

Peter M. Dodd.
27, Cross Road,
Tadworth, Surrey.

Unesco and the Press

From the Director,
International Press Institute

Sir,—Mr Dileep Padgaonkar (August 28) has not responded to my request that a thorough investigation by outside experts should be undertaken in the UN Educational Scientific and Cultural Organisation's public information department. In view of the contents of his letter, this would seem even more important.

As regards Professor Gaborit, it is after all no surprise that his name was recommended by the Communist-controlled Prague-based International Organisation of Journalists. But I understand that the International Federation of Journalists has not put forward his name.

Peter Galliner,
City University,
St. John Street,
EC1.

The Companies Bill

From the Chairman, Business Law Committee, Association of Independent Businesses

Sir,—Mr Walker of the Institute of Credit Management (August 26) put a strange interpretation on my letter supporting the desirability of reduced disclosure requirements for smaller companies. In particular, his own proposals seem out of touch with commercial reality.

He suggested that if a smaller company was forced to trade on the terms of a large competitor, supplier or customer as a result of detailed disclosure revealing its margins, an appeal to fair trading legislation would be a solution. Whether this would succeed scarcely matters because the smaller firm would have already suffered the consequences which will weaken it financially in a way that allows for no redress. It may not be aware of the pressure and its causes until too late, so why should company law make provisions that require a single-product business to be put at such risk? Surely not simply to sustain the credit management industry!

He suggests that published accounts are better and more readily available sources of credit information than data provided directly by the company. But such data will be more up to date and cannot be delayed by a company that wants credit facilities.

Mr Walker also suggests that personal guarantees would not be available "since one of the reasons for creating a limited liability company is to limit the financial liability of owners." But as the Government's recent Green Paper on a new form of incorporation points out, limited liability is severely restricted. Directors will be required to underwrite the bank overdraft, landlords will generally seek director guarantees from smaller companies and the same conditions are likely to apply to other potential sources of credit. Further, prior to 1967 private companies were not required to file and publish their accounts and there is no evidence that the economy or individual creditors suffered as a result.

Perhaps cedit management based on dated published accounts is inadequate, but at least with the new provision the company has the choice to act in its best interests which need not coincide with those of the credit industry.

L. R. Bushby.
Trowbray House,
108, Weston Street, SE1

Running a small business

From Mr J. Forbes-Dale

Sir,—I refer to Mr Lawson's letter of September 4 concerning the Companies Bill and in particular to his sentiments about the monitoring of small businesses.

A lot of companies go into liquidation because they have been badly managed, but in most of these cases so-called professional financial control and monitoring procedures would have made very little difference to the eventual outcome. The reason is simple: the founder owner usually starts his own business not primarily because he is a good manager in the financial sense, but because he believes that he may earn a living and perhaps make some money selling, in one form or another, a particular product or service. Yet if he survives long enough, the outside world will attempt to impose financial and monitoring disciplines upon him which, while probably satisfying their own requirements, may be of no real benefit to him in his struggle to develop his company.

To the small business, an attractive order can be far more beneficial in the short term than, say management accounts. What is needed is not the financial dogma so frequently preached by the accountancy and related professions, but meaningful answers to two questions: what information do I really need to develop my business successfully; and what do I do about it when I get it?

Ignoring the entrepreneur who is a hopeless manager but will not admit it (thereby preventing a satisfactory solution being found), a large proportion of liquidations are the result of the above questions remaining unasked or unanswered, either by the owner or his management or, more seriously for the UK, by those who are in a position to impose these disciplines.

The external monitoring that Mr Lawson appears to be proposing will, I am afraid, not aid industry and commerce for the benefit of the country as he hopes, unless attitudes of professional bodies towards the smaller business change.

The future of this country depends on entrepreneurial flair and emphasis must be placed on helping the owner manager to manage his company well, rather than attempting to turn him into the epitome of a good manager. I therefore welcome the new Bill and hope that Mr Lawson will attempt to understand what small businesses are all about.

John Forbes-Dale.
16 Halford Road,
Richmond, Surrey.

British Rail's contribution

From Mr J. Havergal

Sir,—Anatole Kaletsky and Lynton McLain refer in their review of Britain's railways (August 29) to the social contribution. A closer view of this aspect yields, I believe, an interesting answer to their question: "Why can British Rail not be left . . . to be shaped by market forces?"

I suggest that the principal part of the product of an industry like BR is only realised when the enhancement of land values in areas connected by BR is taken into account. Unless such enhancement is identified and placed on the balance sheet, the value of BR's full contribution is not shown, nor can the question of its profitability be examined properly.

Getting from A to B faster is one aspect of BR's service, corresponding broadly, I suggest, to the valuation expressed in the fares and freight charges. The substantial and permanent benefit BR confers, at both ends of the line so to speak, on areas it connects, is only registered and pocketed by the landowners.

J. R. Havergal.
5, Broad Court, WC2

The Public Trustee

From Mr P. Milne

Sir,—I hope Lord Hailsham will not swallow the assumption contained in your leader of September 1 that "there will always remain a core of people unable to choose an independent manager and they will continue to need the security provided by a public official backed by full Government guarantee." I submit satisfactory evidence for this strange assertion would be hard to collect.

The simple solution is to let the funds under the Public Trustee be managed by the private sector. This would not guarantee better returns but at least the managers would be subject to the disciplines of the market-place.

If this tiny principality of Whitehall survives, taxpayers will have to seek consolation in the thought that this affair provides good material for a future episode of "Yes, Minister."

P. W. Milne.
47, Roderick Road, NW3.

Today's Events

GENERAL

UK: Trades Union Congress conference continues, Blackpool —debates on education and economics (morning); major debate on campaign to reduce working time, debates on Common Market and public service pay (afternoon).

Mr Michael Heseltine, Environment Secretary, launches Enterprise Zone exhibition, Centre Point, Oxford Street.

UK Atomic Energy Authority publishes annual report.

British Shipbuilders' union delegates meet, Blackpool.

Institute of Directors female executive of the year final.

City of London Flower Show, Guildhall.

Chelsea Antiques Fair, Old Town Hall, SW3 (until September 19).

International Carpet Fair, Harrogate (until September 11).

Overseas: Mr Menachem Begin, Israeli Prime Minister, starts two days of talks with President Ronald Reagan, Washington.

International bankers start two-day meeting to discuss rescheduling of Poland's debts.

Congress, reconvenes, Washington.

OFFICIAL STATISTICS

UK balance of payments (second quarter). Central government transactions (including borrowing requirement) for August.

COMPANY MEETINGS

Astra Industrial Group, Midland Hotel, New Street, Birmingham, 12.0. Centrovincial Estates, 4, 5 and 6 Savile Row, W, 10.0. Daejan Holdings, Connaught Rooms, Great Queen Street, WC, 12.0. Hollas Group, Windsor House, Southmoor, Road, Wythenshawe, Manchester, 11.0. James Latham, Leeside Wharf, Clapton, E, 2.30. Rothmans International, Dorchester Hotel, Park Lane, W, 12.30. Security Centres Holdings, Security Centres House, Southwark Street, SE, 12.0.

COMPANY RESULTS

Final dividends: Harrisons Malaysian Estates. Interim dividends: Banro Consolidated Industries. Biddle Holdings. BICC. Bowater Corporation. Wm. Collins and Sons (Holding). EIS Group. James Fisher and Sons. House of Fraser. Huntleigh Group. London and Manchester Assurance. Montford Knitting Mills. Peninsular and Oriental Steam Navigation. Portals Holdings. Pritchards Services Group. Royal Worcester. Thomas Tilling. Wilson (Connolly) Holdings.

UK COMPANY NEWS

Reckitt's 27% advance in first half

IMPROVEMENTS IN productivity, tight cash control throughout the group and lower interest rates in the UK have contributed to improved first half results for Reckitt and Colman.

Pre-tax profits increased 27.7 per cent from £22.76m to £29.07m in the six months to July 4 1981, and the UK share excluding exports improved from £2.25m to £7.43m. Total group sales rose by 9.4 per cent from £356.92m to £390.53m, and trading profits were 17.7 per cent higher at £35m, compared with £29.73m.

Reckitt and Colman is an international manufacturing and marketing organisation with interests in food and wine, household and toiletry, pharmaceutical, industrial and leisure products.

Mr James Cleminson, the chairman, expects pre-tax profits for the full year to be "satisfactorily ahead of 1980." The interim dividend is up from 3.5p to 3.8p—last year's total was 8.5p from pre-tax profits of £53.17m.

In his annual statement in May, Mr Cleminson said the group's position was encouraging, and this has been borne out by the first half figures, he says.

In the UK it has been particularly noticeable that the grocery and chemist trades, through which the vast majority of the group's products are sold, have not suffered from the current recession as much as most of the country's industry.

The group has also benefited from improvements in productivity. The increased profit in the UK enabled it to take advantage of tax allowances on the investment programme carried out in recent years.

As a result, the group's tax charge was only marginally increased, from £10.88m to £11.19m, and earnings rose by £6.22m—an increase of 60.4 per cent over the first half of 1980. Overseas tax accounted for £8.25m (£8.11m) of this total. Stated earnings per 25p share have climbed from 8.4p to 13.4p.

Benefits are now coming through from the substantial investment made in new plant and equipment in the UK in recent years.

Food and wine, the group's largest division, performed well on the domestic side, despite a poor start to the summer, which influences its soft drinks trade. Household and toiletry improved its sales with new products playing their part.

Pharmaceutical division showed a satisfactory increase in sales of both prescription and over-the-counter products, and this more than offset the transfer of Epilim to Sanofi SA at the beginning of 1981.

There was a modest improvement in the industrial division, but the colours division, still suffering from depressed trading conditions, produced a loss for the half-year. Leisure division performed well.

Performances in Europe were adversely affected by exchange movements. Profit was down from £3.39m to £2.98m, but if profit had been translated at the average rates applicable for the first half of 1980, it would have been £3.5m. Mr Cleminson says trading was difficult particularly in France and Belgium. However, the group's businesses elsewhere all showed profit increases even after allowing for exchange rate movements.

The steps taken last year to restructure the business in Germany have stemmed the losses there.

In the United States, following the potato plant closures, considerable management reorganisation has taken place with results which are now beginning to show through. Food sales increased, in dollar terms, by 24 per cent, and profit before tax despite a large increase in marketing expenditure, improved by 7 per cent.

There was a 17.6 per cent increase in dollar terms, in Australia, and pre-tax profits moved ahead by 8.9 per cent. Profit margins in the wine trade were under severe pressure and competition has greatly increased in many other areas of Reckitt and Colman Australia activities. Results for the full year are expected to be satisfactory.

The group's business in New Zealand made a strong recovery from the setback in 1980, and in Asia and Africa there was all round improvement. In Latin America, however, results, as expressed in sterling, were adversely affected by exchange rates, particularly by the heavy devaluations of the Argentinian peso.

Mr Cleminson says the uncertainty about world economic conditions and exchange rates remains, but he expects profit margins for 1981 as a whole to be close to those achieved in the first half. The rate of increase in pre-tax profits for the second half will not be as high as that achieved in the first half.

Sales and pre-tax profit by area (£m): UK, £132.44 (£125.77) and £10.97 (£3.81) less exports, £24.26 (£24.53) and £3.54 (£1.56); rest of Europe, £64.87 (£67.99) and £2.98 (£3.39); North America, £73.23 (£65.31) and £1.36 (£2.38); Australasia and Asia, £69.7 (£60.08) and £8.5 (£6.99); Africa, £40.83 (£31.03) and £6.75 (£4.74); Latin America, £33.72 (£31.27) and £3.84 (£4.41).

Including exchange gains of £5.4m (£3.59m losses), and extraordinary credits of £700,000 (nil) and after dividends of £4.69m (£4.32m), the amount added to reserves was £16.53m (£2.39m).

See Lex

HIGHLIGHTS

Lex looks at the August banking figures which are still distorted by the civil servants strike. Sterling M3 is shown to be 1¼% higher. The rest of the column is devoted to examining news from the corporate sector. Reckitt and Colman has pushed its half time profits up from £22.8m to £29m pre-tax thanks to a strong performance in the UK. In contrast IMI has experienced a distinct fall in volume which left half profits at only £10.2m against £17.1m despite some extra interest saving after the rights issue. Costain's half timer shows little change at the pre-tax level due to tough conditions in the UK and lack of business in the Middle East. However there should be a recovery this year. Finally Lex considers the figures from Cable and Wireless which has restructured itself ahead of a flotation to the public; and the annual profit of £62m confirms that this is a highly profitable and soundly financed concern.

Costain marginally ahead at midterm

TAXABLE profits of Costain Group, the construction and development company, improved marginally from £15.25m to £15.75m in the first half of 1981, and the directors are forecasting record turnover and an increase in dividend for the full year.

For the six months, turnover increased from £206m to £252m and the directors expect that for the year to better 1980's figure of £452m. Work in hand at June 30, 1981, they report, amounted to £525m.

However, they say profit growth to match the rise in turnover will take longer to achieve. Nevertheless, there will be a "useful" addition to profits in 1981 on translation into sterling of overseas currencies, should current exchange rates still apply at the year end.

Last year a total dividend of 10p was paid on pre-tax profits of £42.55m. The directors have now declared an increased interim of 4.5p (4p) net, and forecast a final payment of at least 6p.

In the half year under review, general trading profits rose from £15.78m to £17.38m and net rental income advanced from £1.08m to £1.5m. From this interest payable took £3.13m (£1.6m), and with tax absorbing £3.94m (£4.58m) and minorities £2.13m (£2.83m), the attributable balance came out £1.04m higher at £9.69m.

The cost of the interim dividend was £2.5m (£2.22m) and the retained balance totalled £7.18m (£6.42m).

See Lex

IMI plunges by £7m but maintains interim at 2p

PRE-TAX PROFITS of IMI, the holding company with interests in fabricated products and components, refined and wrought copper and other metals, plunged from £17.1m to £10.2m in the first half of 1981 on turnover well down at £273m, compared with £337m.

The directors point out that sales volume in the first half showed no further deterioration from the low level reached in the second half of 1980, and between the first and second quarters there was a small improvement.

However, volume in the first six months was 14 per cent lower than in the corresponding period last year and value fell by 19 per cent—23 per cent in the UK and 12 per cent overseas.

The combination of low volume and tight margins continued to have an adverse effect on profits of most UK subsidiaries, but companies in France, the U.S. and Australia performed more satisfactorily, the directors say.

They add that there are some indications that the improvement in the second quarter will continue but it seems likely that "recovery will be slow and patchy."

The interim dividend is being maintained at 2p net—a same-again total of 4.5p was forecast at the AGM last April provided the recession did not deepen. The total for 1980 was paid from taxable profits of £28.2m.

The pre-tax surplus for the first half of the current year was struck after depreciation of £6.6m (£5.8m) and included a debit of £100,000 (£500,000 credit) from share of profits less losses of major associates.

Tax was down from £4.7m to £3.6m and after minorities of £1.3m (£900,000) the profit on metal stocks after tax of £300,000 (£300,000 loss) the attributable balance emerged at £8.2m, against £13m.

Stated earnings per 25p share dropped from 5.9p to 3.2p.

The directors state that the IMI Zip Fastener subsidiaries became associated companies with effect from March 31 1981. This corresponds with the end of the first half year of most of the companies concerned and the effect on the group figures for the first half of 1981 is negligible.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ayrshire Metal	int.	Nil	—	2	—	2
James Beattie	int.	Nil	—	Nil	—	4.5
Bertam Rubber	int.	0.87	Sept 30	—	0.87	0.8
Costain	int.	4.5	Oct 27	4	—§	10
Dorada	int.	Nil	—	2.1	—	2.1
English and N. York	int.	1.75	—	1.75	—	4.05
F. and C. Eurotrust		1.45	Oct 22	1.45	1.45	1.45
IMI	int.	2	Oct 26	2	—‡	4.5
Law Land	int.	0.65	Nov 2	0.55	—	1.5
London Utd. Invst.	int.	4	Oct 19	4	—	9
Midland Industries	int.	1.1	Nov 13	1.1	—	2.6
Nurdin and Peacock	int.	1.13	Oct 27	0.93*	—	2.25*
Pentos	int.	Nil	—	1.4	—	1.4
Petrocon	int.	0.75	Nov 24	Nil	—	Nil
Provident Financial	int.	2.42	Oct 21	2.42	—	7.02
Reckitt and Colman	int.	3.8	Jan 7	3.5	—	8.5
Sharna Ware	int.	1.4	Oct 16	1.4	—	3.47
Standard Chartered	int.	13.8	Oct 16	12	—	32.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total 4.5p has been forecast. § At least 10.5p forecast.

Pentos £1.5m in red halfway but recovering

WITH THE heavy costs of adjusting to lower sales volume levels continuing, Pentos dived from a pre-tax profit of £602,000 to a £1.46m loss for the first half of 1981. Mr Terry Maher, the chairman of this industrial holding group, says that the outcome was in line with expectations and it followed six months in which losses topped £1.8m.

However, he reports that the whole of the loss arose in the first quarter. A breakeven position was achieved in the second three months, and a profit is expected for the second half.

Whether this surplus will be sufficient to recover the first half deficit "will depend mainly on the level of demand in the important final months of the year," he says.

Meanwhile, the interim dividend is being omitted as was the final for 1980. Interim payment last time was 1.4p.

Stated loss per share came out at 3.23p (1.21p profit) and attributable loss emerged up from £95,000 to £1.88m. There was no tax charge this time compared with £150,000.

Group sales for half-year dipped to £35.4m (£37.06m) on which a trading surplus of £19,000 (£2.12m) was earned, before interest of £1.43m (£1.62m) and central debit of £50,000 (credit £102,000).

On a more comparable basis, including only those companies which were subsidiaries for the whole of both half years, the reduction in sales value was 12 per cent against the 4.4 per cent reported and in volume about 15 per cent, Mr Maher explains.

In its effort to cut borrowings the company has so far this year concluded agreements expected to realise £3m from non-trading sources, mainly through the sale of assets surplus or peripheral to its activities.

In addition, a further £1.95m net of expenses has been raised from the offer for sale of the 60 per cent holding in Jeavons Engineering.

After adjusting for these disposals, which were completed after halftime, the group's total net borrowings, including convertible unsecured loan stock, would be down from £15m at year end to £13.8m.

A significant reduction in debt as a result of normal trading cash flow is expected by the end of the year, the chairman adds.

In publishing and bookselling, where the midway loss climbed from £154,000 to £805,000 on sales of £13.2m (£12.32m), the company expects to produce a second-half profit but insufficient to offset the half-time setback. Profitable publishing is hoped for in 1982.

By the end of this year the group's investment in publishing will have been cut from last year's average of £6m to less than £3m. But in the bookshops and Athena galleries, though sales have been below expectations, further steps to cut overheads, including the workforce, have been taken and a second-half surplus, to give a profit for the year, is forecast.

In gardening, sales and profits were broadly as anticipated, but camping equipment sales were disappointing and for the gardening and leisure products division as a whole sales slipped from £8.66m to £7.75m, with profits dipping to £417,000 (£622,000).

The furniture and construction side started the year in losses but recovered to a profit of £65,000 (£983,000) on sales of £6.36m (£7.85m) by half-time.

● comment

At 20p three weeks ago, the Pentos share was badly depressed but then it fell another 5p and was sitting at a new 1981 low of 15p yesterday morning prior to the publication of the interim results. These were terrible, as expected, but the chairman's statement confirmed that the group is returning to profitability, and the shares recovered 3p to 18p. Not that trading conditions are improving yet, but the group is making solid progress in improving its financial position. Aided by some £5m of disposals, stocks are falling rapidly and may end the year at only one third of last year's crippling £21½m. Borrowings dropped from £15m in the last balance sheet to £13.8m at mid-year and could be down to £10m by the year end, against underlying net assets of perhaps £14m. The market capitalisation is about £10m.

Midland Industries recovery

ALTHOUGH down from £751,000 to £421,000, pre-tax profits of Midland Industries for the first half of 1981 show a substantial improvement over the second half of last year, when a loss of £676,000 was incurred.

The directors say that, despite difficult trading conditions, every effort is being made to ensure that further progress is made during the remainder of the year.

Turnover of this engineer and repetition ironfounder fell from £13.72m to £10.33m in the six months. Tax took £41,000 (same) and £285,000 (£615,000) was retained.

The net interim dividend is held at 1.1p. Last year's total payment was 2.6p.

Law Land surges to £0.7m

BY MICHAEL CASSELL

Law Land has revealed a big improvement in half-year profits, but the directors say they feel unable to give any advice to the minority of shareholders who have not yet accepted the offer from Chuchbury Estates.

Pre-tax profits for the six months to June 30 1981 rose to £697,227 (£87,774) on reduced turnover of £4.45m (£5.43m), including gross receipts from property sales of £922,071 (£2.44m). Net income from properties rose to £1.54m (£1.35m) and trading profit rose from £301,783 to £718,761.

The directors have recommended an interim dividend—only applicable to shareholders not accepting the Churchbury offer—of 0.65p compared with 0.55p last time. Law Land had forecast total dividends for the year of not less than 2p against 1½p in the previous financial year.

Last week, Sir Henry Warner, chairman of Law Land, resigned after failing in his attempts to fend off the Churchbury takeover. Throughout his campaign, he used the prospect of an improving profits and dividend performance to urge Law Land shareholders to reject the bid and to wait for a better offer.

Sir Henry is continuing his opposition to the takeover terms in his capacity as a shareholder, despite Churchbury's statement that its offer—which is due to close on September 16—will not be increased. Under the terms of the takeover code, another bid could not in any case be made for 12 months.

Yesterday, Churchbury said that it now controlled 82.52 per cent of the ordinary shares.

Mr A. D. Yates, deputy chairman and managing director of Law Land, has been elected to replace Sir Henry Warner. The directors say his departure was very much regretted and that Churchbury had been invited to nominate two people to fill two casual vacancies on the board.

They add: "While your board maintains the view that the offer is inadequate, it is aware of the possible dangers to shareholders of remaining in a minority position.

"A new offer might be made by Churchbury at a future date but this is not a matter upon which your board can advise you now; in the changed circumstances the board no longer feels able to advise on whether or not you should accept the present offer and strongly recommends you to seek your own advice."

Cooper chief on strategy for making recovery

Mr John Cooper, chairman of Cooper Industries, the Midland steel processing company which recently reported losses before tax of £1.03m for the year to April 1981, tells shareholders in his annual statement that "your Board holds 30 per cent of the equity in Cooper Industries and have a very real need, unlike many other public companies, to return the group to profitability and to recommence the payment of adequate dividends."

He says that the home market has collapsed.

"In view of this our group has pursued two policies, one of concentrating its efforts on those companies most likely to achieve the quickest return to a reasonable level of profitability and the other to turn some of its assets into a more liquid form and hence the disposal of our stake in Lloyd Cooper and the acquisition of shares in F. H. Lloyd Holdings."

Last week it was revealed that a power struggle had been taking place between representatives of F. H. Lloyd and Cooper Industries and institutional shareholders of Lloyd over the composition of the Lloyd Board.

A group of investment institutions had intervened following the action by Cooper in recent weeks to strengthen its hand at Lloyd. The institutions forced Lloyd "to reconstitute the Board so that it is clearly representative of all shareholders in the company and accountable to them."

SPAIN

September 8	Price %	+ or −
Banco Bilbao	388	
Banco Central	393	
Banco Exterior	421	+6
Banco Hispano	341	
Banco Ind. Cat.	120	
Banco Santander	391	−1
Banco Urquijo	242	−5
Banco Vizcaya	403	+3
Banco Zaragoza	286	+3
Dragados	216	−1
Espanola Zinc	75	−1
Fecsa	74	
Gal. Preciados	61	−2
Hidrola	87	+0.8
Iberduero	59.7	+0.7
Petroleos	127.5	−1.2
Petroliber	83	
Sogefisa	54	
Telefonica	87	+1
Union Elect.	82.5	+2.8

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	—	—	15	93 B	—	—	$441
GOLD C	$425	15	35 B	5	58	—	—	"
GOLD C	$450	94	20	2	41	—	—	"
GOLD C	$475	60	15	2	28	—	—	"
GOLD C	$500	10	8	—	—	—	—	"
GOLD P	$400	12	6	—	—	—	—	"
GOLD P	$425	77	11	—	—	—	—	"
		Oct.		Jan.		April		
AKZO C	F.22.50	—	—	144	2.80	—	—	F.22.40
AKZO C	F.25	115	0.50	170	1.40	35	2	"
AKZO C	F.27.50	25	0.10	35	0.80	10	1.30	"
AKZO P	F.22.50	20	0.60	—	—	—	—	"
AKZO P	F.25	125	2.90	55	3	—	—	"
HOOG C	F.17.50	—	—	—	—	12	1.90	F.16.30
HOOG C	F.20	—	—	86	0.70	—	—	"
IBM C	$60	—	—	10	1¾	—	—	$55⅝
KLM C	F.100	27	5.80	12	11.50	—	—	F98
KLM C	F.110	69	2.50	—	—	—	—	"
KLM C	F.120	105	0.80	10	5.60	—	—	"
KLM C	F.130	26	0.50 B	13	3.50	—	—	"
KLM C	F.140	—	—	11	2.50	—	—	"
KLM C	F.150	—	—	21	1.50	—	—	"
KLM P	F.70	16	0.30	—	—	—	—	"
KLM P	F.90	10	2.80 A	50	4.80	—	—	"
KLM P	F.100	13	6.90	—	—	—	—	"
KLM P	F.110	21	15	—	—	—	—	"
KLM P	F.130	—	—	11	25	—	—	"
KLM P	F.140	—	—	10	43.50	—	—	"
NEDL C	F.130	10	20.50	—	—	—	—	F.148
NEDL C	F.140	10	13.50	—	—	—	—	"
NEDL C	F.150	30	6	—	—	—	—	"
NEDL C	F.160	53	2.70 A	—	—	—	—	"
NEDL C	F.170	21	1.10	—	—	—	—	"
NEDL P	F.140	10	1.60	—	—	—	—	"
NATN C	F.115	18	2.20	—	—	—	—	F.112.20
NATN C	F.125	—	—	60	1.80	—	—	"
NATN P	F.115	16	5.40	—	—	15	6.20	"
NATN P	F.120	27	8.20	—	—	—	—	"
NATN P	F.125	14	13.20	—	—	—	—	"
PHIL C	F.17.50	22	4.30	—	—	—	—	F.21.50
PHIL C	F.20	184	1.90	25	3.20 B	32	4 B	"
PHIL C	F.22.50	80	0.50	146	1.80	—	—	"
PHIL C	F.25	95	0.20	201	0.90	111	1.50	"
PHIL C	F.27.50	—	—	324	0.40	—	—	"
PHIL P	F.20	78	0.30	30	0.70	—	—	"
PHIL P	F.22.50	12	1.20	926	1.70	—	—	"
PHIL P	F.25	10	3.40	—	—	—	—	"
POLA C	$25	10	2⅝	—	—	—	—	$26⅞
RD C	F.90	56	1.70	60	4.50	—	—	F.94.80
RD C	F.100	59	0.30	128	1.90	—	—	"
RD P	F.80	100	2.10	—	—	—	—	"
RD P	F.90	39	8.40	—	—	—	—	"
RD P	F.100	10	17	—	—	—	—	"
UNIL C	F.140	60	12	—	—	—	—	F.148.70
UNIL C	F.160	17	1	—	—	—	—	"
UNIL P	F.150	77	4	28	6.20	—	—	"

TOTAL VOLUME IN CONTRACTS 4866
A=Asked B=Bid C=Call P=Put

THE TRING HALL USM INDEX
125.4 (−1.1)
at close of business 8/9/81
BASE DATE 15/11/80 100
Tel: 01-248 5625

OIL INDEX
October Refined $41.10
December Refined $41.95

CORAL INDEX
Close 530-535 (+2)

ISSUE NEWS

Precious Metals offering 12m shares at £1 each

Precious Metals Trust, an investment company that is to specialise in the shares and securities of producers, processors and converters of gold and precious metals, is being launched by way of a public offer for subscription for 12m shares at 100p per share.

The company will specifically exclude investments in the shares and securities of companies incorporated in South Africa or having a major part of their activities in that country.

Also, the articles of association require that the possibility of a voluntary winding up be considered each year from 1983 and that in any event a winding up resolution be passed at an extraordinary general meeting not later than the end of 1991.

PMT has been formed by RIT Investment Management and the investment policy will include up to 10 per cent of its assets invested directly in gold and other precious metals. In normal circumstances, a majority of the funds will be in shares, share options and other securities.

It is also intended to acquire in appropriate circumstances bonds the repayment value of which is linked to a precious metal. PMT may engage in the writing and purchase of options and futures contracts on both traded and regulated options and futures markets for precious and strategic metals.

The trust will derive its income mainly from shares of securities, but will invest with a view to capital appreciation rather than income. Since initial income is likely to be small, it is not anticipated that the trust will pay other than minimal dividends in the early years.

Mr Zvi Schloss, an executive director of RIT since 1979 and a non-executive director of Bank Leumi (UK), is chairman of PMT.

The directors believe that gold will continue to be a sound long-term investment, notably because non-communist governments are unlikely to resume significant gold sales. South African production will fall in the late 1980s. Soviet sales are being carefully managed and fears of revived inflation will stimulate hoarding.

Citing political uncertainty in South Africa, the directors believe there is a place for a specialised company to invest in companies operating mainly in Canada, Australia and the U.S.

Clients of Phillips and Drew, brokers to the offer intend to apply for 8m of the shares. The offer closes on September 15 and dealings in the shares are expected to begin on September 22.

● comment

The case for investing in gold and other precious metals is, unfortunately, a gloomy one. As the directors of Precious Metals Trust point out in the prospectus, gold will continue to grow in value provided, inter alia, that political and economic leadership is weak enough for fears of revived inflation to stimulate hoarding. Certainly, this has been a prominent factor in the trebling of the gold price over the past 13 years and few pundits would be prepared to forecast its demise. The directors of PMT also take a dim view of the prospects for international statesmanship, and so have added investments in strategic metals, such as molybdenum, nickel and cobalt to their apocalyptic portfolio. The timing of the launch seems propitious as precious metal prices have been weakening this year, and the compulsory winding up provision should provide some support for the share price.

Runciman placing to finance shipping and security growth

Walter Runciman, the shipping, security and insurance group, is seeking to raise £1.26m by way of a placing with institutions of 1.1m shares at 115p per share.

The board decided to make a placing rather than a rights issue primarily because it enables shares to be issued on more advantageous terms. In the market the shares closed 12p lower at 125p. In addition, the directors who, together with their family interests and trusts, hold approximately 34 per cent of the issued shares, would not have subscribed in full for their rights entitlements.

The £1.225m proceeds are to be used to finance growth in the shipping and security divisions. The board believes that this expansion should be financed with a reduced dependence on bank borrowing, particularly in view of the likelihood of continuing high interest rates in the UK and abroad. In particular, the group is buying a £9.4m gas carrier next year to add to the Gibson fleet and is pursuing growth opportunities in its Tann-Synchronome access control business.

The chairman, Mr W. G. Runciman, tells shareholders that current performance of the group is at a satisfactory level and the half yearly results, to be released in late October, are expected to justify the maintenance of last year's interim dividend.

The new shares issued in the placing, which will raise the issued equity capital by 14 per cent, will rank for the interim dividend.

The placing is conditional on shareholders' approval at an Extraordinary General Meeting on September 29.

● comment

For a small company whose shares are thinly traded, the use of a placing to raise new funds can be a sensible alternative to a rights issue. In the case of Walter Runciman, in particular, where the directors and family are not in a position to increase their own investment in the company, a rights issue might have been poorly received by the market. However, the terms of this placing seem excessively generous—a 16 per cent discount to the market's pre-announcement price on the new shares plus ranking for the interim dividend. Existing shareholders thus face a significant dilution in their investment—the shares fell 12p yesterday to 125p—with no opportunity to buy the low-cost shares. An open offer to shareholders, along the lines used by London Merchant Securities last autumn, was apparently considered but dropped for fear it might flop. But if the discount was made deep enough, a flop would be unlikely, and at least shareholders could have protected their position.

Hanover Invs. laundry side improves

THE LAUNDRY division of **Hanover Investments (Holdings)** has continued to trade with improving profitability, says Mr Charles C. Redstone, chairman.

The directors have hopes of good medium term prospects though the increase in the company's laundry business has been affected by the "general doldrums" which have hit the London hotels.

The herbal division has returned to profitability and the directors are looking to expand the company's activities in this interesting and growing field.

Hanover's modest incursion into the leisure goods business has been disappointing—supplying as it does the top end of the market. Competition there is fierce, not least from imports from Italy and Spain.

This business has an encouraging order book but margins are too slim to encourage any notion of rapid expansion, Mr Redstone says. The directors are rationalising the business and hope that it will take a significant turn for the better as the economy stabilises and then returns to growth.

As reported on August 28, Hanover made taxable profits of £233,348 (£186,129 loss) on turnover of £5m (£7.99m) in the 12 months to February 28 1981 and the year's dividend was maintained at 1.85p net per 10p share with a final of 1.15p.

BIDS AND DEALS

BTR disposes of Blyth stake

John Swire, the Hong Kong-based overseas trading group, has reached agreement to acquire BTR's 26.95 per cent holding in Blythe Greene Jourdain, an investment holding company, in which it already has a 53.19 per cent holding.

Swire will acquire the BTR shares under a scheme of arrangement at 355p per share—valuing the BTR holding at £3.7m. Swire has already announced an offer of 340p per share to acquire the rest of the BGJ shares it does not already own. BGJ is an unquoted company whose shares are traded under Rule 163 (2) on the stock market.

BGJ's preference capital (£30,205) would be converted into ordinary shares on a £1 for £1 basis prior to the proposals becoming effective.

Agreement has also been reached on the future of Harper Gilfillan Group, 68.2 per cent of which is owned by BGJ and the remainder owned indirectly by BTR. Following the acquisition by Swire of BGJ, Swire and BTR would each have a 50 per cent interest in Harper. Additional capital is to be provided for Harper.

Caird shares suspended as bid talks go on

A bid may be on the way for **Caird (Dundee),** the Scottish dyer and carpet printer.

The directors called a halt to dealings in the company's shares yesterday before announcing that "talks are in progress which may lead to an offer" being made for the shares.

Mr H. J. Macdonald, a director of Caird, said yesterday that the talks had been going on for some weeks. He thought a further announcement might be made today, but certainly by the end of the week.

At the suspension price of 13p the company is valued at £347,000.

The company—which showed record profits of £750,265 in 1973/74—reported a loss of £22,551 for the year ended March 31 1981 after a first half profit of £36,000. Turnover amounted to £4.56m compared with £4.09 in 1980/81 when there was a deficit of £182,698.

The directors explained that the second half deterioration was mainly because of the effect of volume imports from the EEC at highly competitive prices.

LONDON AND LIVERPOOL TRUST

Mr R. A. Shuck has purchased from **Consult International** 90,000 ordinary shares in London and Liverpool Trust at a price of 32p. Mr Shuck, who is chairman of London and Liverpool, has the controlling shareholding in Consult. His interest in London and Liverpool, held either personally or by companies in which he has a controlling interest, is 1.84m ordinary shares (17.58 per cent).

By virtue of the exercise of a Put Option by Mr N. M. Heppel, Mrs J. M. Heppel, Mr A. Yelland, Mr C. Saunders and Mr M. J. Wilband under the terms of an option agreement which was entered into by those individuals and Consult International, at the time of the acquisition of Copy Consultants (Western), Consult acquired 198,245 ordinary shares of 10p each in London and Liverpool at a price of 29p on August 20, 1981.

The remaining 198,244 ordinary shares which were the subject of the option have been acquired by Royal Holdings. Neither Mr Shuck nor Consult has any interest in Royal Holdings.

NO PROBES

The proposed mergers between **Grand Metropolitan/Intercontinental Hotels Corporation, Bass**/substantial minority shareholding in **Yorkshire Television,** and **Pearson Longman** substantial minority shareholding in **Yorkshire Television,** are not to be referred to the Monopolies Commission.

Queensway takes agreed 65% stake in Gaunt

Queensway Securities of Birmingham is making an agreed partial offer for 65 per cent of the capital of Rowland Gaunt, a small Leeds based manufacturer of ladies' costumes and coats.

Queensway is offering 25p cash for each of the 25p ordinary shares placing a value on the company of £75,000. Following the news the shares jumped 45p to 67p on the London Stock Market yesterday.

The directors of Gaunt and certain other shareholders together holding a total of 77.24 per cent of the company's shares have irrevocably undertaken to accept the offer to the extent of 65 per cent of their holdings—amounting to 50.2 per cent of the total capital. Queensway intends to retain the share listing.

Mr David Gaunt, a director, yesterday declined to make any comment on the deal.

Gaunt reported a profit before tax of £7,916 for the year ended June 30 1981. But in the first half of the current year there was a loss of £6,739 which the directors attributed to a decline in demand for the company's products, particularly in the home market.

MIDLAND CARPET

Midland Carpet Distributors based in Kidderminster has announced the acquisition of all the issued share capital of floor-covering distributor Melville and Halley of Dundee.

GLASGOW PAVILION

Hill Woolgar and Co., a licensed dealer in securities, has acquired a 9.15 per cent stake in Glasgow Pavilion. Last month a 15.65 per cent stake in the company was acquired by Mr James Glasgow. This was subsequently increased to 17.73 per cent.

REI OFFERS NOW UNCONDITIONAL

Rowe Evans Investments has 84.7 per cent of the voting capital of **Rubber Estates of Ceylon** and 89.6 per cent of the **Dimbula Valley** share capital. The offers have become unconditional on the 1,120,115 REC shares and on the holding in Dimbula Valley, which is made up of 161,046 new ordinary shares, plus a number of preferred and deferred shares.

SHARE STAKES

Espley-Tyas Property Group—Mr P.P. J. Gilman, director, purchased 50,000 shares.

Sphere Investment Trust —Pearl Assurance has purchaed 100,000 ordinary shares bringing holding to 1,327,000 (6.15 per cent).

Minty—D. B. Thompson and family have sold 66,577 shares and Uniflex Holdings, which is controlled by Mr Thompson, has sold 35,578 shares. Morgan Grenfell has purchased 90,000 shares for investment clients. Included in this is a purchase of 72,000 for the Morgan Grenfell Special Exempt Fund.

United Scientific Holdings —Independent Investment Company, a 60.34 per cent-owned subsidiary of Atlantic Assets Trust, has reduced its shareholding in USH to 875,000 shares. Accordingly, Atlantic Assets now owns 6.92 per cent of the USH ordinary.

LONDON TRADED OPTIONS

Sept. 8. Total Contracts 1,127. Calls 969. Puts 158.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	28	1	40	—	48	2	504p
BP (c)	300	14	9	30	—	38	—	"
BP (c)	320	5½	—	20	5	—	—	"
BP (c)	330	—	—	—	—	28	7	"
BP (c)	350	4	5	11	—	—	—	"
BP (p)	280	5	—	12	—	18	5	"
BP (p)	300	13	5	22	—	28	—	"
BP (p)	320	26	—	32	1	—	—	"
CU (c)	160	14	—	20	4	23	3	163p
CU (c)	180	7	6	11	—	14	—	"
CU (c)	200	2	—	5	—	7	10	"
Cons. Gld (c)	500	45	113	75	5	85	—	551p
Cons. Gld (c)	550	17	25	43	101	62	5	"
GEC (c)	650	135	1	165	1	—	—	774p
GEC (c)	700	90	4	132	—	142	—	"
GEC (c)	750	48	63	84	—	107	—	"
GEC (c)	800	23	16	52	2	77	—	"
GEC (c)	850	8	1	30	7	47	—	"
Gr'd Met. (c)	180	18	25	20	—	34	1	192p
Gr'd Met. (c)	200	6	7	19	—	23	—	"
Gr'd Met. (c)	220	2	10	10	14	14	2	"
Gr'd Met. (p)	180	4	—	7	50	11	1	"
Gr'd Met. (p)	200	12	4	15	—	17	—	"
Gr'd Met. (p)	220	31	10	32	—	35	10	"
ICI (c)	260	15	12	26	5	36	20	262p
ICI (c)	280	6	3	16	1	26	2	"
ICI (c)	300	2	21	9	3	16	—	"
ICI (p)	260	9	10	12	—	17	—	"
ICI (p)	280	24	—	28	2	32	—	"
Land Sec. (c)	312	24	—	32	3	—	—	329p
Mks & Sp (c)	140	3	10	9	5	15	—	133p
Shell (c)	360	15	—	30	—	40	10	366p
Shell (c)	420	4	—	9	—	16	5	"
Shell (p)	360	14	—	18	—	24	10	"
Shell (p)	420	62	—	64	—	68	5	"
		November		February		May		
Imperial (c)	70	1	—	3	—	4½	10	62p
Lasmo (c)	550	34	1	60	—	77	—	522p
Lasmo (c)	600	17	2	40	—	55	—	"
Lasmo (c)	650	9	15	20	—	—	—	"
Lonrho (c)	80	6	51	10	—	12	—	85p
Lonrho (c)	90	3	—	5½	130	7	10	"
Lonrho (c)	110	½	5	—	—	—	—	"
P & O (c)	120	4½	5	9	5	12	7	118p
Racal (c)	420	55	20	75	—	87	—	455p
Racal (c)	460	28	34	48	3	60	—	"
Racal (c)	500	12	3	30	—	40	—	"
Racal (p)	420	12	42	18	—	23	—	"
Racal (p)	460	23	2	35	—	40	—	"
RTZ (c)	500	73	6	112	5	—	—	544p
RTZ (c)	550	43	20	77	5	92	—	"
RTZ (c)	600	29	37	57	5	67	—	"
RTZ (c)	650	19	52	27	—	—	—	"

C=Call P=Put

Brown Brothers considers offer from Dana

Brown Brothers announced yesterday that it was considering the proposed offer of 26p per share from Dana Corporation for the outstanding minority shares.

Dana, which has a 69 per cent stake in Brown, said on Monday that it had approached the Brown board to see whether agreement could be reached on a recommended offer.

Brown says it understands the reasons for the approach and is considering the proposed terms in conjunction with its financial advisers, Morgan Grenfell and Co. The company intends to hold talks with Dana and a further announcement is to be made as soon as it has determined at what level it would be appropriate to recommend an offer.

Durapipe offer 'ludicrously low'—chairman

Mr Frank Powell, chairman of **Durapipe International,** has written to shareholders strongly recommending them to reject the offer from Wavin which he describes as "ludicrously low."

Durapipe is to launch its new CUVAR process of PVC pipe manufacture at the International Plastics Exhibition next week. Mr Powell claims that Wavin is simply trying to acquire the technology before the launch and its offer price does not reflect the technology which "would be especially valuable in its hands."

Durapipe is forecasting a turnround to a small pre-tax profit for the six months to September 30 1981. The chairman says that current trading has been stronger than anticipated at the time of the annual statement.

He points out that Durapipe has secured its future by arranging a fully underwritten share issue which will accelerate the pace of recovery and is in the best interests of shareholders. He urges holders to vote for the proposed share issue.

Mr Powell says that Durapipe's financial position has not deteriorated since March 31 1981.

Courtaulds buys 80% of Scotcade

Courtaulds' subsidiary, Courtaulds Distributors, has acquired for cash 80 per cent of the ordinary capital of Scotcade. The net asset value of which was £1.88m at June 30, 1981.

Scotcade is one of the leading direct response mail order companies in the UK.

WARD WHITE BUYS SWEDISH COMPANY

Ward White Group, through its Swedish subsidiary has acquired *Sko Pira Aktiebolag* with effect from August 31.

Sko Pira operates one large retail shop in the centre of Stockholm, and was included under an option when Ward White acquired the Wedin Group in August 1980.

The purchase price is SKr 3.37m (£347,400) and will be financed from internal funds available to the Ward White's subsidiary companies in Sweden. The net worth of the Sko Pira business, as at August 31 1981, is warranted to be not less than SKr 2.59m (£267,000) and its profits before tax in the year ended on that date not less than SKr 925,000 (£95,360).

Sko Pira will be integrated into Ward White's existing retail chain in Sweden which will then comprise 20 stores operating under its wholly owned subsidiary AB Broderna Wedin.

MINING NEWS

Trading halted in Endeavour

BY GEORGE MILLING-STANLEY

TRADING in the shares of Mr Alan Bond's **Endeavour Resources** has been suspended on the Melbourne Stock Exchange at the request of Australia's securities watchdog committee, the National Companies and Securities Commission.

The Commission also toughened its public stance towards Endeavour's "on-again, off-again" bid for Northern Mining, which values the company at around A$50m (£31m) reports our Sydney correspondent.

Northern's principal asset is a 5 per cent stake in the Ashton diamond joint venture in Western Australia.

In a statement early yesterday, the Commission said it had formed the opinion that "it is necessary, in the interests of the public, to prohibit trading in Endeavour's shares."

This statement followed talks between the Commission, the Melbourne Exchange and Endeavour, and came in the wake of an announcement from Endeavour late on Monday evening to the effect that it would proceed with its offer for Northern on certain conditions.

These conditions concern a claim by the Perth-based Afro-West Mining and Exploration that the pegging of the Argyle site by the Ashton joint venture partners was not valid. CRA, the leader of the joint venture, has rejected this claim.

Endeavour said its offer would go ahead subject to the resolution of the claim "in a manner not materially adverse to the financial interests of the Ashton joint venture or those of Northern Mining."

The statement from Endeavour added that its offer, currently open for six months, might be extended for a further six months if the Afro-West claim is not settled by the time it is due to expire.

The Commission has clearly decided that a takeover bid which could go on for 12 months is not in the interests of the holders of the 60 per cent of Northern's shares not controlled by Endeavour, and it also objects to the conditional nature of the offer.

Some observers felt that Endeavour's announcement of the resumption of its bid was the result of a compromise struck between the company and the Commission, but the latter made it clear that this was not the case.

The Commission said it had informed Endeavour that its consent to any variation in the offer would be conditional on specific undertakings by Endeavour concerning the exercise of voting rights attached to shares in Northern. Endeavour had not given the required undertakings, the Commission said.

Northern Mining shares remained suspended on Australian exchanges yesterday.

Western Mining finds Canning Basin oil/gas

The recently depressed Australian oil and gas sharemarket received a much needed boost yesterday with the news that Western Mining has encountered hydrocarbons shows over 172 metres in the Acacia No. 1 wildcat well drilled in EP 143 in the Canning Basin of Western Australia.

A statement from Western Mining, which controls the entire EP 143 licence area, said the well is coring ahead at 908.7 metres and has recorded hydrocarbon shows from 690 metres to 869 metres in porous and fractured carbonate rocks.

The hydrocarbon shows consist of fluorescence in core, free oil in the drilling mud, free oil in core porosity, dead oil in core porosity and minor gas indications on the gas detector.

However, Western Mining added that the well is being drilled with a conventional diamond coring rig and equipment is not available at present to run a drill stem test.

Equipment to allow drill stem testing is on order and is expected to arrive on site in several weeks when further testing will be carried out.

The Canning Basin is the location of the recent 900-plus b/d oil discovery in the Blina No. 1 well in EP 129. Short-term and long-term tests of the Blina 1 discovery are being prepared.

The Acacia 1 news prompted aggressive buying of Western Mining shares in overnight Australian markets and in London yesterday. In Sydney Western Mining closed 42 cents higher at A$5 while in London they advanced 24p to 315p, after 317p.

Other Canning Basin oil and gas explorers registered strong gains in sympathy with Western Mining. Vamgas and Petroleum Securities Australia—each with 10 per cent of the Blina 1 find—rose 37p to 737p and 50p to 315p respectively, while Swan Resources improved 10p to 70p and Eagle Resources 4p to 34p. Swan and Eagle control EP 114 in the Canning Basin. Australian Consolidated Minerals, which holds an interest in EP 101, moved up 4p to 34p. Oil Company of Australia put on 4p to 25p reflecting its interest in EP 104.

Malaysia plans to start own copper processing

THE MALAYSIAN state of Sabah is to set up a copper smelter with an annual capacity of 50,000 tonnes a year, according to agency reports from Kota Kinabalu.

A feasibility study has been completed, and bids for construction will be invited at the end of this month. The smelter will cost around M$345m (£80m).

The smelter will process concentrates from what is currently the country's only producing copper mine at Mamut, where output is around 100,000 tonnes of copper concentrate a year containing traces of gold and silver.

This concentrate is exported by the operator of the mine Japan's Overseas Mineral Resources Development, to Japan for processing. OMRD said that 30,000 tonnes of pure copper, 2.4 tonnes of gold and 12 tonnes of silver were produced.

Japanese studies have apparently shown that a smelter producing between 30,000 and 100,000 tonnes of pure copper a year is not economically viable.

Nevertheless, the Sabah Government is determined to establish a local processing.

Dorada loss midway and 'no profit' seen for year

THOUGH INTEREST costs were lower losses in engineering and merchanting put Dorada Holdings into the red for the first half of 1981 and the interim dividend is being omitted.

However Mr Thomas Kenny, the chairman, describes the £679,000 operating loss this time —which compared with a £356,000 surplus—as a "considerable improvement" over the £1.27m deficit seen in the second half of last year.

But he adds that there is "a long way to go before we earn acceptable profits. Trading conditions for the group are getting better, but very slowly. We will not be in profit for 1981."

Meanwhile the majority of the group's engineering companies are back to a five-day week after a long period of short time working and Wicksteeds and the Bo'ness foundry are showing improving results.

For the six months to June 30 1981, the group pre-tax loss emerged at £777,000, against an £85,000 profit, after interest of £456,000 (£654,000) and losses on a closed branch of £96,000 (£271,000).

Stated gross loss per 25p share emerged at 6.6p (3.5p earnings). For the whole 1980 the only dividend was a 2.1p net interim, and taxable losses reached £1.14m.

Group turnover was down from £38.02m to £25.44m for the halfyear. The motor division result—which showed a profit, before interest, of £114,000 (£614,000) on sales of £19.1m (£28.53m)—reflects a substantial decrease in sales, due greatly to the closure of the group's Scottish sites and public vehicle division.

Mr Kenny points out that the commercial vehicle trade is at its lowest ebb and is unlikely to recover before late 1982. "It used to be a good profit earner." The number of cars sold in the private sector is modestly improving, as is the profit contribution.

Dorada's site at London Road, Glasgow, has been sold subject to contract. This will yield £500,000 cash. Its Rutherglen site is on the market at £450,000.

Dorada's engineering activities fell from a £224,000 profit to a £241,000 loss on turnover down from £5.44m to £3.93m and in merchanting there was a £66,000 deficit, compared with a £172,000 surplus, on sales down from £4.06m to £2.41m.

The management of the Qualters and Smith subsidiary has been merged with Alexanders to give a united effort in the group's metal sawing and drilling activities and men have been recruited to attack the export market. "The initial results are encouraging," Mr Kenny says.

The merchanting sector is finding trade difficult and economies in manpower and sites have been made to alleviate the loss position.

● comment

Dorada is still stuck in the mud. The company's operating losses have recovered somewhat from the second half of last year, but full-year losses should top £1m. This means shareholders' funds will have dropped by a third in just two years. The company charged £2m below the line last year on a loss-elimination programme which it now says should work through to 1982 figures. A small trading profit in the motor division reflects the beginning of a pick-up in consumer demand. In fact, stocks have been wound down so far that the company claims that in the last two months it has sold more vehicles than it can deliver. Sales in the engineering sector have sunk by 27 per cent, however, which is not due to last year's restructuring but merely depressed markets. The merchanting division, acquired in 1979, has also dropped into the red. With net borrowings at around £6m, the balance sheet remains taut. The shares, down 1p to 31p, give a market capitalisation of just under £3.2m.

London United advances

PRE-TAX profits for London United Investments rose from £1.34m to £1.57m in the half year to June 30, 1981. This is an improvement of just under 16.9 per cent on the same period last year. The interim dividend is held at 4p—last year's total was 9p.

The increase in profits, says Sir George Bolton, the chairman, is due to the combined strength of the U.S. dollar, high interest rates and improved business. He expects the improved profits trend to be sustained through the second half.

Turnover was higher at £6.39m (£6.03m). Tax rose to £787,000 (£633,000) and distributable profits were up to £756,000 (£710,000).

J. Beattie falls to £695,000

TAXABLE PROFITS of James Beattie slid to £695,000 from £1.02m in the half year to July 31, 1981, on sales marginally down at £15.66m compared with £15.84m.

This retail department store group is again paying no interim dividend—last year a single distribution of 4.50303p net per 25p share was made. Earnings per share for the six months are given as 2.89p (4.25p).

Tax for the six months took £361,000 (£529,000).

Provident ahead but payout held

AN increase from £2.84m to £3.17m in pre-tax profits is reported by Provident Financial Group for the half-year to June 30, 1981. Turnover rose 4 per cent from £130.12m to £135.25m.

As indicated by the chairman in his annual report, the difficult economic conditions are not improving quickly or markedly, says the board. Some credit customers continue to have difficulty in paying exactly to terms, and others remain tentative about increasing their commitments.

The effect on turnover reflects these conditions, although the steps taken over the past two years to maintain margins have been largely successful.

The board says the continued high cost of borrowing—interest charges at the half-year were £7.96m compared with £8.5m—seems unlikely to diminish for some time. It is expected however, that 1981 will, nevertheless, produce a satisfactory result.

There is a slightly higher tax charge of £1.65m (£1.14m), and stated earnings per 25p share are down from 4.16p to 3.68p. The interim dividend is unchanged at 2.42p—last year's total was 7.02p.

● comment

Rising unemployment has somewhat reduced the level of new lending that Provident Financial can do; but so far it has not much increased the bad-debt ratio. Slower repayment is budgeted for, but the proportion of total write-offs is not expected to rise. In the circumstances, a fall in the cost of bank finance—Provident's stock in trade—has made it possible to increase margins despite the low pressure of demand. Provident's own cost of funds fell from 16.9 per cent in the first half of 1980 to 14.6 per cent. Profits accordingly advanced by 11.3 per cent, although the Whitegates Estate agency business has yet to reach breakeven—projected for the later months of 1981—and Tyne and Clyde remains in the red despite retrenchment. The shares remained at 121p, where the historic yield is 8.4 per cent.

Ayrshire Metal first half loss

For the 24 weeks to June 12, 1981 Ayrshire Metal Products incurred a pre-tax loss of £226,000, compared with a profit of £695,000, and the directors see no immediate improvement as long as the recession goes on.

They warned at the AGM in April that although the losses incurred in the second half of 1980 (£475,000) were continuing they were at a lower level.

There is no interim dividend —last year 2p was paid but the final was passed following a plunge in taxable profits from £1.83m to £250,000.

Most markets supplied by this light engineering and fabricating group were chronically depressed in the first half, the directors state, which greatly reduced volume — much of it of inadequate margins.

The problems were especially severe at the Irvine plant where most of the losses were made. Redundancies have taken place at the plant and the consolidation of the site is continuing.

Turnover for the half year fell to £5.33m (£7.17m)

Petrocon improvement to £0.4m

IN THE first six months of 1981 the Petrocon Group made taxable profits of £403,000 against losses of £46,600 last time, on turnover £2.17m down at £4.59m.

An interim dividend of 0.75p net per 12.5p share is to be paid. The last distribution was an interim of 1.1514p for 1979.

The directors of this group involved in the manufacture and supply of equipment to the oil, petrochemical and water industries, say it has reached the stage where all loss making has been eliminated.

Furthermore, they say, with funds on deposit, it is in a strong position to continue to expand its oil service activities.

Prospects for the remainder of the year will depend on the level of drilling activity in the North Sea and South East Asia — but if present progress is maintained there are grounds for optimism, they say.

Pre-tax profits were struck after exceptional costs of £45,000 (£47,000), interest of £18,000 (£126,000) and included profits from associates of £157,000 (£64,000).

Tax took £58,000 (£127,000) and the attributable profits emerged at £315,000 (£223,000 loss). Last year there was an extraordinary debit of £50,000.

Advance corporation tax of £78,000 previously written-off, has been credited against the tax charge. Tax for the comparative period has been adjusted into line with December 1980 to include ACT of £165,000 written-off and to reverse a provision of £102,000 against stock relief clawback not required.

Costain Group Limited

INTERIM REPORT

Group Results

	Six months to 30 June 1981 £'000	1980 £'000	Year 1980 £'000
Turnover	252,000	206,000	452,000
Profit before taxation			
General trading	17,378	15,776	44,991
Net income from rents of land and buildings	1,497	1,075	2,313
	18,875	16,851	47,304
Interest payable	3,125	1,601	4,753
	15,750	15,250	42,551
Taxation at estimated 25% (1980—30%, year 9%)	3,938	4,575	3,983
Profit after taxation	11,812	10,675	38,568
Minority interests	2,126	2,028	5,895
Extraordinary items	—	—	Cr. 7,559
Available for ordinary shareholders	9,686	8,647	40,232
Interim ordinary dividend 4.5p (1980—4.0p)	2,502	2,224	—
Total ordinary dividends (1980—10.0p)	—	—	5,560
Amount retained	7,184	6,423	34,672

In accordance with previous practice, overseas currencies have been expressed in sterling in the half year figures at the rates of exchange ruling at the previous year end.

Mr. C. T. Wyatt, Chairman, reports:

For the six months ended 30 June 1981, unaudited pre-tax profits of the Group are £15.75 million based, in accordance with previous practice, on exchange rates ruling at 31 December 1980.

Turnover has increased and for the year 1981 is expected to reach a record level. Work on hand at 30 June 1981 amounted to £525 million.

Profit growth to match the growth in turnover will take longer to achieve. It is worth noting, however, that there will be a useful addition to profit in 1981 on translation into sterling of overseas currencies should current exchange rates still apply at the end of the year.

The Directors have declared an increased interim dividend of 4.5p (1980—4.0p) per ordinary share of 25p payable on 27 October 1981 to shareholders registered on 24 September 1981. With the tax credit of 1.9286p per share, this makes a gross equivalent of 6.4286p per share. They would expect, in the absence of unforeseen circumstances, to recommend a final dividend for the year of not less than the 6p paid in respect of 1980. Total dividends paid in respect of 1980 amounted to 10p per share.

COSTAIN Britain's leading international construction group

Costain Group Limited
111 Westminster Bridge Road, London SE1 7UE

UK side boosts Standard Chartered

AIDED BY a significant increase in profits from UK banking, Standard Chartered Bank pushed taxable profits ahead from £121.3m to £139.9m for the first half of 1981. The result was after lower provisions for bad and doubtful debts of £23.9m, against £27.6m, and the appreciation of foreign currencies against sterling added some £11m to the overseas performance.

Stated earnings per £1 share jumped to 79.7p (59p) and the net interim dividend is being stepped up from 12p to 13.8p. Last time a total of 32.5p was paid from profit of £232.5m.

The increase in UK banking performance occurred particularly in foreign exchange and Euro-currency activities, and consumer finance operations.

South African results levelled off reflecting the slowdown of the domestic economy and tightening liquidity but other African and Asian territories progressed satisfactorily.

Operating performance in North America was adversely affected by volatile interest rates.

In comparison with the exceptional trading conditions in the first half of 1980, profits from bullion dealing operations were substantially lower, the directors report

Group net profit emerged at £80.3m (£60.2m) after tax of £52.2m. Tax last time was little different at £52.1m but is not wholly comparable because of a change in the basis for charging deferred tax.

Attributable profit came out at £70m, against £54m, after extraordinary gains of £1.1m (£3.1m).

The retained balance was £58.1m, compared with £43.6m.

On a current cost basis pre-tax profit was up at £98m (£88.1m).

Of the bad and doubtful debt provisions £20.4m (£21.8m) were specific.

● comment

A 15 per cent increase in Standard Chartered's interim pre-tax profits is fairly impressive given the sluggish performance of the all-important South African subsidiary and the absence of the exceptional bullion profits which boosted the profits in the first half of 1980. Over the 12-month period sterling has fallen by 18 per cent against the dollar and this has boosted profits by £11m which is part of the explanation. The bank appears to have been boosting its balance sheet footings, particularly in the Euro-currency markets, and this also explains some of the improvement. However, the UK consumer finance operations have also been recovering. The dividend is up 15 per cent and is still over three times covered on a current cost basis. The shares closed 20p higher at 660p yesterday. Assuming the interim dividend increase is maintained at the final stage, the shares yield a prospective 8.3 per cent. However, the possibility of up to 45m extra shares coming on to the market on top of the existing 86.4m in issue, if the bid for the Royal Bank goes through, will act as a damper on the price for the time being. On the other hand, if the bid does not go through Standard Chartered itself could be open to a bid.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Banro Consolidated, BICC, Biddle, Bowater, City and Commercial Investment Trust, William Collins, EIS, James Fisher, House of Fraser, Huntleigh, London and Manchester Assurance, Monfort (Knitting Mills), Newbold and Burton, Peninsular and Oriental Steam Navigation, Portals, Pritchard Services, Royal Worcester, Thomas Tilling, Wilson (Connolly).

Final—Harrisons Malaysian Estates.

FUTURE DATES

Interims:—

AC Cars	Sept 24
Barlow Holdings	Sept 23
Berwick Timpo	Sept 16
Bramall (C. D.)	Sept 14
Camrex	Sept 10
Danish Bacon	Sept 18
Downiebrae	Oct 2
Foster Bros. Clothing	Oct 7
Legal and General	Sept 18
Leyland Paint and Wallpaper	Sept 24
Oliver (George)	Sept 11
Perry (Harold)	Sept 17
Richards (Leicester)	Oct 2
Solicitors' Law St. Society	Sept 28
Southampton, I o W and S of E Royal Mail Steam Packet	Sept 25
UDS	Sept 17
United Newspapers	Sept 22
Vickers	†Oct 1

Finals:—

Celtic Haven	Sept 11
Heath (Samuel)	Sept 15
Minerals and Resources Corp.	Sept 21
Scholes (George H.)	Sept 16
Scottish Metropolitan Property	Oct 7
United Real Property Trust	Sept 18

† Amended

Nurdin & Peacock at £3.29m halftime

TAXABLE PROFITS of Nurdin and Peacock increased £579,000 to £[illegible].9m in the six months to July 4, 1981 on turnover up from £157.55m to £185.68m.

The interim dividend of this cash and carry wholesaler is being increased to 1.125p net (0.9375p adjusted for one-for-one scrip issue) per 10p share. Last year a total of 2.25p (adjusted) was paid on pre-tax profits of £8.65m (£7.03m), earned on turnover of £345.36m (£281.26m).

Mr W. M. Peacock, chairman, says that the increase in sales since the end of June has averaged 19 per cent and the directors are confident that turnover for the year will again be a record. However competition is extremely fierce "and we shall continue to do whatever is necessary to maintain both our own and our customers' sales momentum."

This together with the cost pressures exerted by rates and the increased prices for services provided by the statutory authorities makes it harder than ever to predict the profit outcome for the year, Mr Peacock says.

The important trading period between now and Christmas holds the key, but it remains to be seen how much this will be affected by the recession, which arrived later in the south, but is now biting hard.

The company's new branch in Cardiff has got off to a fine start "and we have never had a more enthusiastic welcome," he says. The building of the next new branch near Coventry, due to open next year, is keeping up to schedule.

Tax for the six months took £927,000 (£436,000).

● comment

Nurdin and Peacock has again lived up to its reputation for sustained, if undramatic growth. Turnover is up 18 per cent and volume by about 4 per cent, with tobacco and spirit sales leading the way. This is despite the gathering impact of the recession on the South, the company's main trading area. The pre-tax margin is slightly up. But this seems due largely to increased interest earnings which are unlikely to be sustained for the full year, given higher stocking costs and capital outlay on new branches. The second half has started well, with turnover up 19 per cent since the end of June. Christmas is, of course, a vital unknown but a pre-tax total for the year of £10m seems possible indicating a fully taxed p/e of under 9. At 144p, down 2p, a prospective yield of 2.7 per cent is suggested, provided the 20 per cent rise in the interim dividend is carried through to the final.

Standard Chartered BANK LIMITED

INTERIM REPORT

Standard Chartered Bank Limited reports Group profits before taxation and extraordinary items for the six months ended 30th June 1981 of £139.2 million; this represents an increase of 15% on the corresponding period of 1980 and 25% on the profit of the previous half year. Profits after taxation and minority interests were £68.9 million representing 79.7 pence per share.

Profits from United Kingdom banking, particularly foreign exchange and eurocurrency activities, and consumer finance operations increased significantly. South African results levelled off reflecting the slowdown of the domestic economy and tightening liquidity; other African and Asian territories progressed satisfactorily. Operating performance in North America was adversely affected by volatile interest rates. In comparison with the exceptional trading conditions in the first half of 1980, profits from bullion dealing operations were substantially lower.

The sterling value of overseas profits before taxation and minority interests has benefited by approximately £11 million from the appreciation of foreign currencies against the pound compared to the first half of 1980.

An interim dividend of 13.8 pence per share, an increase of 15%, has been declared payable on 16th October, 1981 to shareholders registered on 25th September.

GROUP RESULTS (unaudited)

Historical cost basis

	Six months ended 30th June 1981 £m	1980 £m	Year ended 31st Dec. 1980 £m
Trading profit of the Bank and its subsidiaries (Note 1)	121.6	101·5	195·3
Share of profits of associated companies	17.6	19·8	37·2
Profit before taxation and extraordinary items	139.2	121·3	232·5
Taxation:			
The Bank and its subsidiaries (Note 2)	52.2	52·1	84·7
Associated companies	6.7	9·0	15·7
Profit after taxation	80.3	60·2	132·1
Minority interests	11.4	9·3	23·4
	68.9	50·9	108·7
Exceptional items	–	–	50·3
Profit before extraordinary items	68.9	50·9	159·0
Extraordinary items (Note 3)	1.1	3·1	1·1
Profit attributable to Standard Chartered Bank Limited	70.0	54·0	160·1
Dividend	11.9	10·4	28·1
Profit retained	58.1	43·6	132·0
Earnings per share (Note 4)	79.7p	59·0p	125·8p
Dividend per share (Gross equivalent)	13.8p (19.71p)	12·0p (17·14p)	32·5p (46·43p)
Number of shares in issue	86·4m	86·4m	86·4m

NOTES

1. The charge to trading profit of the Bank and its subsidiaries for bad and doubtful debts is as follows:–

	Six months ended 30th June 1981 £m	1980 £m	Year ended 31st Dec. 1980 £m
Identified	20.4	21·8	52·6
Unidentified	3.5	5·8	6·9
	23.9	27·6	59·5

2. The charge for taxation assumes United Kingdom corporation tax at 52% (1980 – 52%) and in 1981 takes into account the Group's estimated deferred tax provision for the year as a whole on the basis adopted following the re-appraisal of those liabilities at the end of 1980, as described in Note 5 to the 1980 Report and Accounts: in consequence the charge for the period is not wholly comparable with that for the six months ended 30th June 1980.

3. Extraordinary items comprise credits arising from:–

	£m
Adjustment of provision for special tax on United Kingdom banking deposits	0·6
Net surplus on disposals of trade investments	0·5
	1·1

4. Earnings per share are based upon:–

	Six months ended 30th June 1981	1980	Year ended 31st Dec. 1980
Net profits after taxation and minority interest	68.9m	£50·9m	£108·7m
Average number of shares in issue	86.4m	86·4m	86·4m

Current cost basis

	Six months ended 30th June 1981 £m	1980 £m	Year ended 31st Dec. 1980 £m
Trading profit of the Bank and its subsidiaries as in the historical cost accounts but before deducting interest on loan capital	133.2	109·8	211·5
Current cost adjustments:–			
Monetary working capital	42.9	34·3	65·2
Additional depreciation	3.5	3·1	5·2
Current cost operating profit	86.8	72·4	141·1
Interest on loan capital	$\boxed{11.6}$	$\boxed{8{\cdot}3}$	$\boxed{16{\cdot}2}$
Less: Gearing adjustment	$\boxed{6.8}$	$\boxed{6{\cdot}5}$	$\boxed{10{\cdot}9}$
	4.8	1·8	5·3
Current cost profit of the Bank and its subsidiaries	82.0	70·6	135·8
Share of current cost profits of associated companies	16.0	17·5	34·1
Current cost profit before taxation	98.0	88·1	169·9
Taxation	58.9	61·1	100·4
	39.1	27·0	69·5
Minority interests	4.0	6·4	15·2
	35.1	20·6	54·3
Exceptional items	–	–	50·3
Current cost profit before extraordinary items	35.1	20·6	104·6
Extraordinary items	1.1	3·1	0·7
Current cost profit attributable to Standard Chartered Bank Limited	36.2	23·7	105·3
Dividend	11.9	10·4	28·1
Current cost profit retained	24.3	13·3	77·2
Current cost earnings per share	40.6p	23·8p	62·8p

The current cost accounts have been prepared in accordance with the provisions of SSAP No. 16, Current Cost Accounting, and the adjustments to historical cost accounts are as explained on page 43 of the 1980 Annual Report and Accounts.

APPOINTMENTS

BRS sales and marketing director

Mr Richard Lovell has been appointed group sales and marketing director of BRITISH ROAD SERVICES. He joins the company from the Lex Service Group where he was group marketing manager for transportation interests for the past three years.

★

Mr V. C. Price has resigned as managing director of Sandvik Conveyors and Mr Martin Samuelson has assumed full control as managing director of the newly-named SANDVIK PROCESS SYSTEMS. Mr Price will remain a member of the board of Sandvik Process Systems and has become deputy chairman. Mr Price will continue as a full time employee of the UK Sandvik Conveyor group and, as a board member of Spooner Industries, will in future be engaged in special projects and investigative work on behalf of the group.

★

Dr Harry Seager is joining R. P. SCHERER as technical director responsible for analytical, quality control and development functions. Dr Seager is moving to Scherer from Beecham Pharmaceuticals where he was manager of the formulation development department.

★

KINGSLAND LLOYD PETERSEN has appointed Mr Iain Arthur managing director of THE PUB WAREHOUSE, a KLP subsidiary.

★

Mr Geoffrey Searle has been appointed export director of IDEAL-STANDARD. He was director of exports with Kango Wolf International. Mr Searle succeeds Mr Alan Silver who has moved to the U.S. to take up the post of manager, market analysis and special projects with the worldwide exports division of parent company American-Standard.

★

Mr Bryan Todd has been appointed by Crain Communications of Chicago to be publisher and advertising director of ADVERTISING AGE EUROPE. Mr Todd was advertising sales and marketing director of The Times.

★

Mr Carl Knudsen has been appointed general manager for the UK and Ireland for ALITALIA. Mr Knudsen was product manager, Western and Central Europe routes, based at head office in Rome.

★

The Export Credits Guarantee Department states that Mr John Biffen, Secretary for Trade, has appointed Mr W. J. Benson as a member of the EXPORT GUARANTEES ADVISORY COUNCIL and as deputy chairman of the Council. Mr Benson is a director and group chief executive of National Westminster Bank.

★

Mr Ian Macpherson, executive director in charge of THE BRITISH LINEN BANK'S London office since August 1979, has returned to the Bank's Edinburgh head office as banking director. He will have overall responsibility for the banking and business development functions of the Bank. His successor in London is Mr Douglas McPhail, who has been elected to the court of directors of The British Linen Bank. Mr McPhail, a chartered accountant, will be an executive director at the bank's City office in Bishopsgate. He joins the bank from Morgan Grenfell and Company, where he was a senior assistant director.

★

The Energy Secretary has appointed Mr A. W. Nicol deputy chairman of the SOUTH EASTERN ELECTRICITY BOARD for a period of five years from October 1.

★

THE INDEPENDENT TELEVISION COMPANIES ASSOCIATION has appointed Mr David Shaw as general secretary from December 1. Mr Shaw has been general secretary of the British Amateur Athletic Board since April 1978.

★

Mr James Layton has retired as a partner of R. LAYTON AND CO., stockbrokers. He has been a partner in the firm since 1923 and senior partner from 1957. He will remain associated with the firm as a consultant.

★

The Queen has approved the appointment of Mr Martin Moss, as a member of the ROYAL FINE ART COMMISSION in succession to The Lord Reilly who has resigned. Sir Philip Dowson, and Mr David Piper have been re-appointed.

★

Mr Peter D. Fairlie, manager of the Edinburgh representative office of CHEMICAL BANK and responsible for business development in Scotland and north-east England, has been made a vice president.

★

Mr J. Marcus Murphy has been appointed general counsel (senior legal adviser) of ITT EUROPE, part of the International Telephone and Telegraph Corporation. Mr Murphy has been general counsel for ITT in Canada since 1978.

★

A.P.V. HOLDINGS is appointing the following as divisional chief executives on October 1: Dr K. A. G. Miller—food division and Mr F. W. Smith—Pacific Basin division. Dr Miller will continue his role as group managing director. Mr Smith, who joins the group executive, will continue as managing director of Bell Bryant, Australia.

★

The Life Association of Scotland has appointed Mr David Pope managing director of CRESCENT LIFE ASSURANCE COMPANY, its unit-linked subsidiary.

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	August 19 1981 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	39,283	+1,861
Scottish clearing banks	4,574	+ 167
Northern Ireland banks	1,058	+ 17
Accepting houses	3,372	− 71
Other	11,873	+ 97
Overseas banks		
American banks	7,577	− 242
Japanese banks	1,142	− 28
Other overseas banks	6,390	− 241
Consortium banks	915	+ 62
Total eligible liabilities*	76,184	+1,621
Reserve assets		
UK banks		
London clearing banks	4,144	+ 113
Scottish clearing banks	486	+ 7
Northern Ireland banks	131	+ 1
Accepting houses	372	− 16
Other	1,326	+ 39
Overseas banks		
American banks	889	+ 37
Japanese banks	131	− 2
Other overseas banks	764	− 50
Consortium banks	112	− 7
Total reserve assets	8,356	+ 125
Constitution of total reserve assets		
Balances with Bank of England	564	− 40
Money at call:		
Discount market	4,157	− 9
Other	239	− 17
UK, Northern Ireland Treasury Bills	1,163	+ 464
Other bills:		
Local authority	339	− 67
Commercial	1,149	− 129
British Government stocks with one year or less to final maturity	745	− 78
Other	—	—
Total reserve assets	8,356	+ 125
Ratios %		
UK banks		
London clearing banks	10.5	−0.3
Scottish clearing banks	10.6	−0.3
Northern Ireland banks	12.4	−0.1
Accepting houses	11.0	−0.3
Other	11.2	+0.3
Overseas banks		
American banks	11.7	+0.8
Japanese banks	11.5	+0.1
Other overseas banks	12.0	−0.3
Consortium banks	12.3	−1.6
Combined ratio	11.0	—
	£m	£m
nb—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	177	− 11
2—Finance houses		
Eligible liabilities	474	+ 14
Reserve assets	50.2	+2.8
Ratio (%)	10.6	+0.3

Special deposits at August 19 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing elegible liabilities were £57,276m (up £2,511m).

London Clearing Banks' balances

as at August 19, 1981

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	8,193		+1,200	
UK private sector	43,784		− 134	
UK public sector	560		− 114	
Overseas residents	5,311		+ 363	
Certificates of deposit	1,918		+ 202	
		59,766		+1,517
of which: Sight		19,852		− 516
Time (inc. CD's)		39,913		+2,033
Foreign currency deposits:				
UK banking sector	12,353		+ 285	
Other UK residents	3,208		+ 219	
Overseas residents	26,317		+1,048	
Certificates of deposit	2,318		− 58	
		44,196		+1,494
Total deposits		103,962		+3,011
Other liabilities*		13,444		− 55
TOTAL LIABILITIES		117,406		+2,956
ASSETS				
Sterling				
Cash and balances with Bank of England		1,464		− 57
Market loans:				
Discount market	2,141		− 355	
UK banks	9,808		− 195	
Certificates of deposit	1,308		− 54	
Local authorities	1,344		+ 92	
Other	1,486		− 30	
		16,087		− 542
Bills:				
Treasury bills	697		+ 431	
Other bills	1,208		− 427	
		1,906		+ 3
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,705		− 15	
Other	2,221		+ 5	
		4,926		− 11
Advances:				
UK private sector	35,617		+1,755	
UK public sector	479		+ 96	
Overseas residents	3,170		+ 59	
		39,266		+1,910
Other sterling assets*		7,397		− 97
Foreign currencies				
Market loans:				
UK banks and discount market	11,465		+ 551	
Certificates of deposit	374		− 37	
Other	19,292		+ 321	
		31,132		+ 835
Bills		55		− 8
Advances:				
UK private sector	2,605		+ 92	
UK public sector	405		− 85	
Overseas residents	9,916		+1,003	
		12,926		+1,010
Other foreign currency assets*		2,246		− 89
TOTAL ASSETS		117,406		+2,956
Acceptances		1,084		− 101

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	Change on month £m	BARCLAYS Out-standing £m	Change on month £m	LLOYDS Out-standing £m	Change on month £m	MIDLAND Out-standing £m	Change on month £m	NATIONAL WESTMINSTER Out-standing £m	Change on month £m	WILLIAMS & GLYN'S Out-standing £m	Change on month £m
LIABILITIES												
Total deposits	103,962	+3,011	30,087	+1,389	18,023	+230	21,156	+264	31,776	+1,192	2,920	− 64
ASSETS												
Cash and balances with Bank of England	1,464	− 57	414	− 81	232	+ 4	306	− 5	471	+ 31	41	+ 4
Market loans:												
UK banks and discount market	23,414	—	6,419	+ 265	3,552	−176	3,684	+134	9,110	−120	649	−103
Other	23,805	+ 293	6,971	+ 45	5,014	+139	4,037	−231	7,088	+396	695	− 57
Bills	1,960	− 5	643	+ 196	305	−159	373	−121	606	+ 78	31	+ 2
British Government stocks	2,705	− 15	845	− 22	301	− 17	716	+ 18	569	+ 5	74	—
Advances	52,192	+2,920	15,442	+ 983	9,049	+494	11,686	+578	14,492	+765	1,323	+101

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL	Change	BARCLAYS	Change	LLOYDS	Change	MIDLAND	Change	NATIONAL WESTMINSTER	Change	WILLIAMS & GLYN'S	Change
Eligible liabilities	39,082	+1,851	12,412	+ 610	6,383	+409	8,920	+403	10,072	+351	1,295	+ 79
Reserve assets	4,124	+ 115	1,261	+ 4	666	+ 66	929	+ 49	1,132	− 11	136	+ 8
Reserve ratio (%)	10.6	− 0.2	10.2	− 0.5	10.4	+ 0.3	10.4	+ 0.1	11.2	− 0.6	10.5	− 0.1

Companies and Markets CURRENCIES, MONEY and GOLD

Dollar recovers

Dollar rose sharply in late trading, after an early decline on fears of lower interest rates in New York and a softer tone in Eurodollar rates. The subsequent rise was a reflection of comments from the Soviet Union accusing Solidaritary of ambitions in the direction of political power in Poland. It also followed rumours of imminent Budget cuts in the U.S., indicating difficulties for the Administration and continued competition for funds, keeping interest rates high.

Sterling lost ground in early trading on fears of lower oil revenue following Saudi Arabia's call for a price of less than $34 per barrel by OPEC. The Bank of England may have intervened in the morning, and the pound fell again around the London close on demand for the dollar in New York and Chicago.

European currencies finished near the lowest levels of the day against the dollar, with the D-mark particularly weak in the afternoon, following the Soviet remarks about Poland.

DOLLAR — trade-weighted index (Bank of England) rose to 111.0 from 110.7, which did not fully reflect the late improvement. The U.S. currency rose to DM 2.4380 from DM 2.4290 against the D-mark, after falling to DM 2.4090. It improved to FFr 5.8425 from FFr 5.8050 against the French franc, to SwFr 2.1155 from SwFr 2.1060 in terms of the Swiss franc, and to Y232.50 from Y230.90 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) fell to 88.7 from 89.5, after standing at 88.6 in the morning and at noon. This was the lowest closing level since November 1979. The pound opened at $1.8065-1.8080, the highest level of the day, and quickly fell to $1.7950-1.7960, where the authorities may have given support. In late trading sterling touched $1.7940-1.7950, and closed at $1.7950-1.7960, a fall of 2.25 cents on the day.

D-MARK — Very firm at the top of the European Monetary System and now trading fairly steadily against the dollar. After falling to a five year low against the U.S. currency in early August, the D-mark has improved on a slightly easier trend in U.S. interest rates and a better trade performance. The market remains nervous about future movements in U.S. rates however — The D-mark gained ground against most currencies at the Frankfurt fixing, with the dollar falling to DM 2.4165 from DM 2.4294 after the Bundesbank sold $16.65. The dollar came under pressure on news that Saudi Arabia had proposed a unified oil price of less than $34 per barrel, and scepticism about President Reagan's economic programme, but recovered to around DM 2.43 in the afternoon. Sterling also weakened on the report from Saudi Arabia, falling to DM 4.3580 from DM 4.4240 at the fixing, before recovering slightly to DM 4.3750 towards the close. Most EMS currencies also declined against the D-mark at the fixing.

ITALIAN LIRA — Remaining quite firm within the EMS following the recent exchange control regulations, and the inflow of funds during the tourist season. A weak economy and continuing high inflation are likely to mean that the improvement is only temporary however. — The lira improved against the dollar and sterling at the Milan fixing, but weakened against members of the EMS. The D-mark rose to a record L501.84 from L500.55, the guilder to L452.41 from L451.07, and the French franc to L209.50 from L209.18. Outside the EMS the dollar fell to L1,211.05 from L1,216.15, but improved to L1,214.50 in the late afternoon. Sterling weakened to L2,183.80 from L2,212.70, but recovered some ground to L2,187 near the close.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	40.9155	+0.29	+1.11	±1.5361
Danish Krone	7.91917	7.81278	−1.34	−0.52	±1.6413
German D-Mark	2.54502	2.49723	−1.88	−1.06	±1.1386
French Franc	5.99625	5.98397	−0.19	+0.63	±1.3638
Dutch Guilder	2.81318	2.77011	−1.53	−0.71	±1.5159
Irish Punt	0.685145	0.684803	−0.05	+0.77	±1.6688
Italian Lira	1262.92	1252.65	−0.81	−0.77	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for September 8—0.573707

EXCHANGE CROSS RATES

Sept. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.796	4.380	417.5	10.49	3.800	4.848	2182.	2.156	71.35
U.S. Dollar	0.557	1.	2.439	232.5	5.843	2.116	2.700	1215.	1.201	39.85
Deutschemark	0.228	0.410	1.	95.32	2.395	0.868	1.107	[illegible]	0.492	16.84
Japanese Yen 1,000	2.395	4.301	10.49	1000.	25.13	9.102	11.61	[illegible]	5.163	171.4
French Franc 10	0.953	1.712	4.175	398.0	10.	3.622	4.621	2080.	2.055	68.01
Swiss Franc	0.263	0.472	1.153	109.9	2.761	1.	1.276	574.2	0.567	18.83
Dutch Guilder	0.206	0.370	0.904	86.13	2.164	0.784	1	450.1	0.445	14.76
Italian Lira 1,000	0.458	0.823	2.007	191.5	4.808	1.742	2.222	1000.	0.988	32.79
Canadian Dollar	0.464	0.833	2.032	193.7	4.867	1.763	2.249	1012.	1.	33.19
Belgian Franc 100	1.398	2.509	6.122	583.5	14.66	5.311	6.775	3050.	3.015	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 1/2	offer 18 5/8	bid 18 9/16	offer 18 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅛-12½	16⅝-16⅞	21-22	13⅝-13¾	6-6⅛	11⅛-11⅛	17-19	19-22	12¼-14¼	7¼-7⅛
7 days' notice	12½ 12¾	17-17¼	21-22	13⅝-13¾	8-8¼	11⅞-12	18 20	21½-24¾	15-18½	7⅛-7⅛
Month	13⅛-13⅛	17¾ 18	21⅝-21¾	13⅝-13¾	10⅛-10⅛	12⅛ 12¼	22½-23½	24¼-25	19⅛-21⅛	7¼-7⅛
Three months	13⅝ 13¾	18⅛ 18⅛	21⅛ 21¾	13⅝ 13¾	10⅝-10¾	12¼ 12⅜	23⅛-24½	27¼-29¼	20⅜-21⅛	7⅜-7⅝
Six months	14⅛-14⅛	18⅛ 18⅛	20½-20⅞	13⅝-13¾	10⅛-10⅛	12⅛ 12⅛	23¼-24¼	28-29	19¾-20¼	7⅝-7⅝
One Year	14-14⅛	17⅞ 18⅛	19¾-20⅛	13¼ 13⅜	9⅛-9⅛	12⅛-12⅛	22-23	27½-28½	18½-19	7¾-8

SDR linked deposits: one-month 15⅞-15⅞ per cent; three months 15[illegible]-15[illegible] per cent; six months 16-16⅛ per cent; one year 15[illegible]-15[illegible] per cent.

ECU linked deposits: one-month 16[illegible]-16[illegible] per cent; three months 16⅞-17⅛ per cent; six months 16[illegible]-17[illegible] per cent; one year 16[illegible]-16[illegible] per cent.

Asian $ (closing rates in Singapore): one-month 17⅞-18 per cent; three months 18⅛-18⅜ per cent; six months 18[illegible]-18[illegible] per cent; one year 18-18⅛ per cent.

Long-term Eurodollar two years 17½-17¾ per cent; three years 17¼-17½ per cent; four years 17-17¼ per cent; five years 16⅞-17⅛ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 17.55-17.65 per cent; three months 18.00-18.10 per cent; six months 18.30-18.40 per cent; one year 17.65-17.75 per cent.

MONEY MARKETS

Revised shortage

London clearing banks base lending rates 12 per cent

The Bank of England gave an early forecast of a £250m shortage in the London money market yesterday, but this was later revised to £300m. The Bank gave assistance during the morning and afternoon. The morning help totalled £177m and comprised £105m of eligible bank bills in band 1 at 12⅞ per cent, £3m of Treasury bills in band 2 at 12⅞ per cent, £4m corporation bills in band 2 at 12⅞ per cent, £30m eligible bank bills in band 2 at 12⅞ per cent and £35m eligible bank bills in band 2 at 12⅞ per cent.

Further help was given during the afternoon totalling a further £128m. This comprised £10m Treasury bills in band 1 at 12⅞ per cent, £40m local authority bills in band 1 at 12⅞ per cent, £44m eligible bank bills in band 1 at 12⅞ per cent, £7m Treasury bills in band 2 at 12⅞ per cent, £5m local authority bills in band 2 at 12⅞ per cent, and £22m eligible bank bills in band 2 at 12⅞ per cent. Factors affecting the market included the unwinding of a previous sale and repurchase agreement —£260m and net Exchequer transactions +£160m.

Overnight money opened at 12¼-12½ per cent in the interbank market and traded around 12½-12⅞ per cent for most of the morning. Rates eased to 11⅞-12 per cent during the afternoon but touched a high point of 13½-14 per cent before finishing at 11½-12 per cent. Period rates showed a slightly firmer tendency, possibly reflecting to some extent the rather tight conditions experienced towards the end of trading on Monday. One week money finished at 12⅞-12⅞ per cent after 12½-12⅞ per cent earlier in the day and a range on Monday of 12½-12⅞ per cent.

In New York Federal funds were quoted at 16⅞-17 per cent while Citibank announced that it was maintaining its prime rate at 20½ per cent, in line with most other major banks. Two other major banks are quoting a rate of 20 per cent.

In Frankfurt call money was quoted at 12.025 per cent against 12 per cent on Monday and the special Lombard facility at 12 per cent.

In Paris overnight money remained at 17⅜ per cent while longer-term rates showed very small but mixed changes.

GOLD

Slight rise

Gold rose $1½ to $437½-439½ in the London bullion market yesterday, after touching a peak of $438½-440½. The metal opened at the day's low of $432½-434½, and was fixed at $434.25 in the morning and $439.00 in the afternoon.

Trading was generally quiet, but gold gained some support from the easier trend in U.S. interest rates and continuing fears about Poland.

In Paris the 12½ kilo gold bar was fixed at FFr 89,500 per kilo ($481.45 per ounce) in the afternoon, compared with FFr 89,000 ($476.14) in the morning, and FFr 89,500 ($478.64) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,040 per kilo ($436.03 per ounce), against DM 34,245 ($438.52) previously, and closed at $438-440 compared with $436-438.

In Zurich gold finished at $438-441, against $435-438.

	Sept. 8		Sept. 7	
Gold Bullion (fine ounces)				
Close	$437½-439½	(£243-244)	$436-438	(£239¾-240¾)
Opening	$432¼-434¼	(£241-242)	$437¼-439¼	(£240-241)
Morning fixing	$434.25	(£240.582)	$437.25	(£240.513)
Afternoon fixing	$439	(£243.753)	$436.50	(£239.401)
Gold Coins				
Krugerrand	$452½-455½	(£251¼-251¾)	$449½-450½	(£247¼-247¾)
1/2 Krugerrand	$233¼-234¼	(£129½-130)	$251½-252½	(£127¼-127¾)
1/4 Krugerrand	$119-120	(£66-66½)	$118-119	(£65-65½)
1/10 Krugerrand	$48½-49½	(£27-27½)	$48¼-49¼	(£26½-27)
Mapleleaf	$452½-455½	(£251¼-251¾)	$449½-450½	(£247¼-247¾)
New Sovereigns	$109½-110	(£60¾-61)	$108¾-109½	(£59¾-60¼)
King Sovereigns	$122-124	(£67¾-68¾)	$122-124	(£67-68)
Victoria Sovs	$122-124	(£67¾-68¾)	$122-124	(£67-68)
French 20s	$124-129	(£68¾-71½)	$126-131	(£69¼-72)
50 pesos Mexico	$543-548	(£301½-303¼)	$544-547	(£299-301)
100 Cor. Austria	$426-429	(£236½-238¼)	$422-425	(£232-234¼)
$20 Eagles	$576-581	(£319¾-322½)	$578-583	(£317¾-320¼)

MONEY RATES

NEW YORK

Prime rate	20-20½
Fed. funds	16⅞-17
Treasury bills (13-week)	15.57
Treasury bills (26-week)	15.75

GERMANY

Special Lombard	12.0
Overnight rate	12.025
One month	12.475
Three months	12.675
Six months	12.85

FRANCE

Intervention rate	17.0
Overnight rate	17.375
One month	17.0625
Three months	17.25
Six months	16.4375

JAPAN

Discount rate	6.25
Call (unconditional)	7.4375
Bill discount (three-month)	7.40625

LONDON MONEY RATES

Sept. 8 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11⅛ 14	12⅛-12¾	—	—	—	—	—	—	—
2 days notice	—	—	12¾-12⅞	—	—	12⅝-12¾	11⅛ 12⅛	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12⅞	12⅞-13	—	—	—	—	—	—	—
One month	13[illegible] 13⅛	13⅛ 13[illegible]	13⅛	14-13¾	12⅞	13-13¼	12-12¼	—	—	—
Two months	13⅛ 13⅜	13⅝-13[illegible]	—	14-13¾	13[illegible]	13½-13⅝	12¾	12[illegible]-12[illegible]	12[illegible]-12[illegible]	13[illegible]
Three months	13[illegible] 13[illegible]	13[illegible] 13¾	13¾	14-13¾	13[illegible]	13¾-13⅞	12⅞	12[illegible]	13-13[illegible]	13[illegible]
Six months	14 13[illegible]	13[illegible]-14[illegible]	14	13¾-13½	14[illegible]	14	13	13[illegible]-13[illegible]	13[illegible]-13[illegible]	13[illegible]
Nine months	14 13[illegible]	14-14[illegible]	—	14⅝-14	14[illegible]	—	—	—	—	—
One year	14⅛-14	14⅛-14[illegible]	14⅛	14⅛-14	14[illegible]	—	—	—	—	—
Two years	—	—	14⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14¾ per cent; four years 14¾ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾-13⅝ per cent; four-month trade bills 13[illegible] per cent.

Approximate selling rate for one-month Treasury bills 12[illegible]-12[illegible] per cent; two months 12[illegible] per cent; three months 13-13⅛ per cent. Approximate selling rate for one-month bank bills 12[illegible]-12[illegible] per cent; two months 12[illegible]-12[illegible] per cent and three months 13[illegible]-13[illegible] per cent; one-month trade bills 13½ per cent; two months 13¾ per cent and three months 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.0766 per cent.

THE DOLLAR SPOT AND FORWARD

Sept 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7940-1.8080	1.7950-1.7960	0.70-0.80c dis	−5.01	2.03-2.13dis	−4.63
Ireland†	1.4980-1.5110	1.4980-1.5000	0.10-0.20c dis	−1.19	0.45-0.55dis	−1.33
Canada	1.1974-1.2010	1.2007-1.2010	0.35-0.40c dis	−3.75	0.84-0.89dis	−2.88
Nethlnd.	2.6835-2.7070	2.6900-2.6940	1.00-0.90c pm	4.24	3.02-2.92 pm	4.42
Belgium	39.61-39.93	39.84-39.86	6-9c dis	−2.26	23-28 dis	−2.56
Denmark	7.6525-7.6150	7.6000-7.6100	1-1¼ore dis	−1.78	0.15-0.35dis	−0.13
W. Ger.	2.4090-2.4410	2.4375-2.4385	1.30-1.24pf pm	6.25	3.68-3.63 pm	6.00
Portugal	65.60-66.00	65.80-66.00	10-50c dis	−5.48	30-130 dis	−4.87
Spain	97.54-98.10	98.00-98.10	10-30c dis	−2.46	30-50 dis	−1.64
Italy	1212-1219	1217-1219	6¾-8¾lire dis	−7.17	25-28 dis	−8.74
Norway	6.0625-6.0830	6.0700-6.0860	2.85-2.35ore pm	5.14	7.65-7.15 pm	4.88
France	5.7750-5.8500	5.8400-5.8450	2¾-3c dis	−5.42	8-9 dis	−5.85
Sweden	5.2050-5.2375	5.2250-5.2350	1.50-1.30ore pm	3.22	4.75-4.55 pm	3.57
Japan	231.00-232.75	232.45-232.55	2.25-2.10y pm	11.22	6.30-6.15 pm	10.71
Austria	16.93-17.12	17.06½-17.07½	10½-9gro pm	6.87	24½-20½ pm	5.28
Switz.	2.0890-2.1210	2.1150-2.1160	1.44-1.34c pm	7.88	3.93-3.83 pm	7.34

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Sept 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7940-1.8080	1.7950-1.7960	0.70-0.80c dis	−5.01	2.08-2.13dis	−4.69
Canada	2.1500-2.1620	2.1550-2.1560	1.55-1.65c dis	−8.91	4.05-4.25dis	−7.70
Nethlnd.	4.82-4.87	4.84¼-4.85¼	¼-½c dis	−0.93	¼-¾ dis	−0.31
Belgium	71.30-71.70	71.50-71.60	42-52c dis	−7.88	130-140 dis	−7.55
Denmark	13.62-13.68	13.66-13.67	7½-8½ore dis	−7.02	16-17½ dis	−4.94
Ireland	1.1930-1.2060	1.1998-1.2006	0.31-0.43c dis	−3.70	0.82-1.06dis	−3.28
W. Ger.	4.35½-4.40½	4.37½-4.38½	¾-¼pf pm	1.37	1½-1¼ pm	1.37
Portugal	118.00-119.00	118.10-118.40	65-145c dis	−10.65	190-385 dis	−9.72
Spain	175.50-177.00	176.90-176.20	90-120c dis	−7.16	270-310 dis	−6.60
Italy	2180-2193	2187-2183	23¾-25¾lire dis	−13.34	76¾-79¾dis	−14.34
Norway	10.91-10.97	10.92¼-10.93¼	¼ore pm-½ dis	0.14	1½ pm-par	0.23
France	10.42-10.50	10.48½-10.49½	9¾-10¾c dis	−11.75	26½-27½dis	−10.29
Sweden	9.37-9.42	9.39¼-9.40¼	1½-2½ore dis	−2.85	4½-5½ dis	−2.07
Japan	415-420	417-418	2.30-2.00y pm	6.18	6.60-6.25 pm	6.15
Austria	30.55-30.75	30.63-30.68	6-1gro pm	7.37	9 pm-1 dis	0.52
Switz.	3.77-3.81	3.79½-3.80½	¾-½c pm	1.97	3½-2½ pm	3.03

Belgian rate is for convertible francs. Financial franc 77.95-78.05. Six-month forward dollar 3.82-3.92c dis. 12-month 5.60-5.80c dis.

CURRENCY MOVEMENTS

Sept. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	88.7	−34.3
U.S. dollar	111.0	+4.2
Canadian dollar	86.7	−18.5
Austrian schilling	112.1	+22.6
Belgian franc	105.1	+9.4
Danish kroner	86.4	−10.4
Deutsche mark	116.8	+38.4
Swiss franc	135.3	+83.0
Guilder	108.6	+15.0
French franc	82.5	−11.8
Lira	57.3	−55.6
Yen	140.1	+54.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	Unavail.	0.566787
U.S. $	14	"	1.03110
Canadian $	20.69	"	1.23402
Austria Sch.	6¾	"	17.5596
Belgian F.	13	"	41.0068
Danish K.	11	"	7.83015
D mark	7½	"	2.50592
Guilder	9	"	2.77554
French Fr.	9½	"	5.99635
Lira	19	"	1253.56
Yen	6¼	"	238.132
Norwgn. Kr.	9	"	5.85877
Spanish Pts.	8	"	100.707
Swedish Kr.	12	"	5.57718
Swiss Fr.	6	"	2.16943
Greek Dr'ch.	20½	—	61.9987

OTHER CURRENCIES

Sept. 8	£	$		£ Note Rates
Argentina Peso	9770-9790‡	5438-5448‡	Austria	30.45-30.85
Australia Dollar	1.5720-1.5760	0.8735-0.8740	Belgium	78.20-79.00
Brazil Cruzeiro	183.73-184.73	102.16-102.69	Denmark	13.56-13.71
Finland Markka	8.170-8.181	4.5380-4.5400	France	[illegible]39-10.59
Greek Drachma	106.988-108.235	58.90-59.10	Germany	4.[illegible]-4.38½
Hong Kong Dollar	10.74¼-10.75¼	5.9700-5.9750	Italy	215[illegible]-[illegible]10
Iran Rial	148.50*	80.75*	Japan	415-421
Kuwait Dinar (KD)	0.506-0.512	0.2838-0.2840	Netherlands	4.80¼-4.85¼
Luxembourg Fr.	71.50-71.60	39.84-39.86	Norway	10.88-11.00
Malaysia Dollar	4.2550-4.2650	2.3640-2.3670	Portugal	115½-125
New Zealand Dlr.	2.1825-2.1875	1.2125-1.2135	Spain	170½-182
Saudi Arab. Riyal	6.11-6.17	3.4200-3.4220	Sweden	9.34-9.44
Singapore Dollar	3.8860-3.8960	2.1590-2.1620	Switzerland	3.76-3.81
Sth. African Rand	1.7130-1.7140	0.9540-0.9545	United States	1.79-1.81
U.A.E. Dirham	6.55-6.61	3.6690-3.6710	Yugoslavia	75-79½

‡ Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,343-13,363 and for the dollar 7,400-7,450. * Selling rate.

Occidental to offer $755m for oilfield services company

BY PAUL BETTS IN NEW YORK

A NEW takeover spree in the U.S. oil industry started yesterday. Zapata, the Houston-based concern which provides a wide range of services to the offshore oil industry as well as owning interest in oil and gas, coal, and the fishing industry, has been approached by Occidental Petroleum, the country's twelfth largest oil company run by it highly individualistic chairman, Dr Armand Hammer.

Occidental, fresh from its successful $800m takeover of Iowa Beef, the largest beef processing company in the U.S. is seeking to take over Zapata through a $755m share exchange merger.

Occidental's offer involves the conversion of each Zapata share into 0.6904 common shares of Occidental and 0.1804 shares of a new Occidental voting non-convertible preferred stock with an annual dividend of $14.625 and a redemption and liquidation value of $100 a share.

The move would be the latest aimed at diversifying Occidental's operations.

Zapata yesterday was non-committal on the offer. It said it was retaining the investment firm of Lazard Freres to advise it and would respond within 45 days. But the Houston-based company was clearly taken aback by Occidental's offer.

In line with the industry, the offshore side of Zapata's business has been flourishing as a result of the huge increase in offshore drilling activity in the U.S. following decontrol of domestic oil prices. The first nine months of this fiscal year of Zapata had a net profit of $61.5m on revenues of $396.9m. In the year ended September 1980 the company reported net income of $43.6m on revenues of $637m.

For its part, Occidental, with revenue of $6.5bn and profits of $387.6m in the year's first half has been remarkably active this year. Although income has been badly hurt by the current oil glut, the U.S. coal miners strike on Occidental's Island Creek coal mining division (the country's third largest coal producer), and the company's substantial position in Libya, Occidental has been pushing ahead with major diversifications.

The Occidental proposal to takeover Zapata is the first major bid by a U.S. oil company after a month's lull following the Conoco takeover battle won by Du Pont.

$230m Schlumberger bid

BY OUR NEW YORK STAFF

SCHLUMBERGER, the leading U.S. oil services company which acquired Fairchild Camera, the semiconductor manufacturer, three years ago, announced for its part yesterday an agreement to acquire through a stock merger Applicon, a supplier of computer design systems for the electronic, building and mechanical industries, in a deal worth over $230m.

Schlumberger said yesterday it had reached an agreement in principle with Applicon on a tax-free exchange of shares on the basis of two Schlumberger shares for three Applicon shares. With 6m Applicon shares outstanding, about 4m Schlumberger shares would be issued, Schlumberger said.

The move by Schlumberger reflects the underlying frenzy of merger and takeover activity in the U.S. energy-related industry.

Sharp cuts in Pan Am domestic air fares

By Ian Hargreaves in New York

PAN AMERICAN World Airways, struggling to return to profitability after losing $217.6m in the first half of this year, has announced a sweeping programme of fare cuts on its domestic U.S. services.

The cuts, which run counter to the prevailing trend in the industry of eliminating discounts under the shelter of the lower service levels enforced by the air traffic control strike, are a chancy attempt to thrust into gear Pan Am's global route restructuring strategy.

This involves building up Pan Am's strength at a small number of U.S. hub cities—New York, Miami, Houston and Los Angeles—and from there feeding passengers on to its large international network.

The most dramatic fare cuts clearly have this strategy in mind. The Houston-Miami one-way first class fare, for example, is cut from $358 to $159 and the economy fare from $238 to $79. New York-Los Angeles will come down from $670 to $369 one-way first class and from $473 to $224 economy.

All the fare cuts will be applied without the usual pre-booking or stay-over restrictions applying to discount fares.

Mr William Waltrip, president of Pan Am's Airline division, said the cuts in first class fares were designed to offer to business travellers the kind of discounts which have in the past been predominantly available to tourists.

In making such large price cuts, however, on the routes formerly served by National airlines, which Pam Am took over last year, Pan Am is gambling that it can enjoy a significant increase in market share and feed-through to international flights.

Peter Montagnon reports on concern in Switzerland over mounting inflation

Swiss investors run for cover

THE SHARP rise in Swiss inflation during August has provoked a mood of acute nervousness in the country's capital market.

Prices of both domestic and foreign bonds have been falling daily since the latest inflation figures revealed a year-on-year consumer price rise of 7.4 per cent.

Nor has the primary market been spared. Swiss Volksbank announced yesterday that it was cutting to SwFr 70m from SwFr 80m the amount of its latest bond issue. This came despite an increase in the coupon to 6¾ per cent from an originally planned 6½ per cent.

Two other major banks, Credit Suisse and UBS, said this week they were postponing plans to float bond issues of SwFr 150m apiece.

In the foreign issues market a coupon of 8½ per cent—the highest since July—is being paid for a bond issue by the Dutch trading company SHV. The European Investment Bank has been forced to cut its latest 7¾ per cent issue by SwFr 20m to SwFr 80m and even the SwFr 100m, 7½ per cent issue by Philips Lamps, one of the market's favourite borrowers, has met with a less than enthusiastic reception.

The City of Oslo has also withdrawn its planned Sw Fr 100m issue.

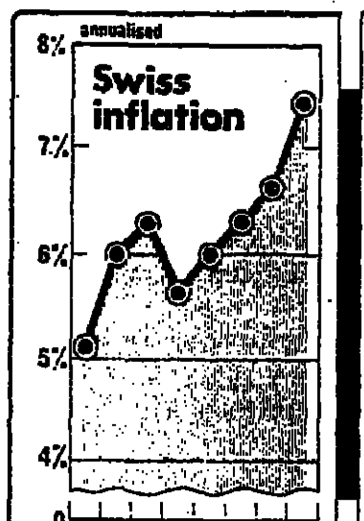
Shocked by the latest inflation developments—prices rose 1.5 per cent in August alone—the Swiss National Bank has tightened its monetary policy. Last week it raised the discount rate by a full percentage point to 6 per cent.

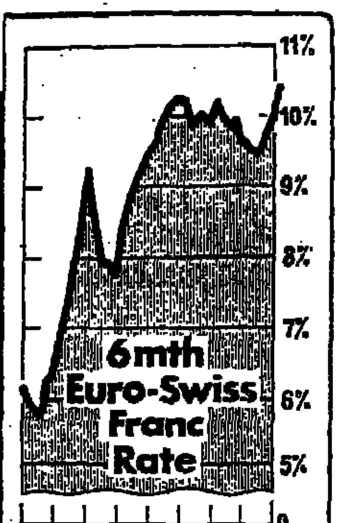
In its determination to fight inflation the central bank seems prepared to accept some temporary disruption in the capital markets. It believes that the current inflationary spiral will sooner or later blow itself out.

But many capital market bankers in Zurich are not so sure. They point out that higher interest rates bring in their train a short term increase in inflationary pressure.

This is because of the impact of higher mortgage rates on the consumer price index. Each ¼ point rise in the mortgage rate is reckoned to lead to an 0.35 per cent increase in consumer prices. Mortgage rates have just risen in Switzerland where major banks are now charging an extra ¼ per cent on residential mortgages, an increment which will show in the November consumer price index.

Some bankers fear that more increases could be in the pipeline. They say that banks have been losing savings deposits as interest rates have risen on other forms of investment. In the first six months of the year savings deposits in Swiss banks





fell an aggregate SwFr 10.7bn to SwFr 70bn and it is largely out of these deposits that the banks finance mortgage lending.

One argument thus runs that Switzerland is now caught in a vicious circle where inflation leads to higher interest rates, provoking higher mortgage rates that in turn lead to even higher inflation.

Concern over this is heightened by a further potentially inflationary factor. The next wage round is expected to begin in November, by which time inflation could well be even higher than at present.

It will take place against a background of tightness in the labour market—unemployment is only 0.1 per cent of the workforce — and this will make it very hard for employers to resist high wage demands.

But there are some offsetting factors. Sooner or later, bankers say, high interest rates will lead to a slow down in the economy. Already there are signs that investment and construction spending are slowing.

This should dampen inflationary pressures, while at the same time high interest rates may well deter borrowers from launching new issues

Offtake of new money on the domestic bond market fell SwFr 850m to SwFr 4.4bn in the first half of this year and the signs are that this fall extended into the third quarter.

On the foreign bond side new issue activity is still running apace. In the first seven months of the year new bonds totalled SwFr 4.3bn compared with SwFr 3bn in the same period on 1980. But the possibility remains that here too high interest rates will put off new borrowers, dampening the pressure on bond prices.

For the investor the problem lies in knowing how long it will take before factors such as these will offset the current upward pressure on rates. Few bankers in Zurich were prepared to hazard a guess at this yesterday.

Meanwhile, they say, they cannot blame their customers for preferring to put their money into short-term time deposits yielding 9½ per cent or Euro-Swiss francs at 10½ per cent rather than Federal Government bonds even at an historically high yield of 6.04 per cent.

First inter-state savings and loan merger approved

BY DAVID LASCELLES IN NEW YORK

A MODEL for the salvation of ailing members of the much-battered U.S. thrift industry was set yesterday when the Federal Home Loan Bank Board agreed to allow three savings and loan institutions in different states to merge.

The deal is most striking because it involves National Steel, the U.S.'s fifth largest steel company, which owns one of the institutions and agreed to pump $75m into the newly merged entity to get it going. National Steel is in the process of diversifying into the financial services industry.

The merger is the first such inter-state acquisition to to be approved by the FHLBB since it decided to ease restrictions on inter-state ownership to enable troubled S and Ls to be rescued by stronger institutions

National Steel's subsidiary, Citizens Savings of California, which it bought last year, is to absorb West Side Federal Savings and Loan of New York City and Washington Savings and Loan of Miami Beach in Florida, both of which have been badly squeezed by the current financial climate. Citizens, by contrast, is one of the strongest S and Ls in the country.

The merged entity, with assets of $6.8bn, wil be the largest federally chartered S and L in the U.S., though it will still lag far behind the $10bn-plus state-chartered S and Ls in California.

National Steel yesterday said that the $75m in new capital would be provided in three equal annual instalments beginning next September.

Settsu Eurobond cut to $20m

BY ALAN FRIEDMAN

SETTSU PAPER BOARD yesterday reduced its $30m Eurodollar convertible issue to $20m as depression continued in the market for Japanese convertibles. The Settsu issue is a 15-year bond with a 5½ per cent coupon, lead-managed by Daiwa Securities.

Daiwa also said that Fuji Electric had postponed "for the time being" its plans to launch a 15-year $30m convertible. Daiwa was to have lead managed this issue.

A $30m 15-year issue for Tsumura Juntendo, the Japanese pharmaceuticals group, was priced yesterday at par, with a 5½ per cent coupon. Lead manager is Nikko Securities.

It is now understood that the Japanese Ministry of Finance is concerned about the adverse effects of the recent flood of convertibles. Although no official "guidance" has been given, the ministry has expressed its concern to leading security houses in Tokyo.

In London, the rest of the straight dollar sector was fairly quiet, with average prices off ¼ point, with the exception of straight dollar issues with leading French names.

These bonds were marked down by up to one point as rumours spread of a possible new issue from a major French state borrower.

In Zurich, the market was also filled with gloom as the city of Oslo withdrew its planned SwFr 100m 10-year issue with an indicated 8¼ per cent coupon. This issue was to have been lead-managed by Handelsbank NW

Meanwhile, the coupon on a five-year SwFr 200m convertible for Sanyo Electric—a private placement—was set yesterday at 4½ per cent, ¼ per cent higher than previously indicated. The conversion premium for the par priced bond was set at 4.15 per cent by the lead managers, Credit Suisse and Yamaichi Securities.

Swiss franc sector bond prices came off ¾ point yesterday as inflation and interest rate fears continued, but a new issue was announced for the Republic of Austria. Credit Suisse will lead-manage the 10-year bond for up to SwFr 100m and an indicated yield of at least 8 per cent.

The pricing is scheduled for Friday and subscriptions will close on September 16.

In the D-Mark sector, prices fell ¼ point in quiet trading.

● The World Bank is floating an issue of up to Fls 150m on the Dutch market. The five-year, 12¾ per cent bonds have been priced at 99¼ per cent by lead managers Algemene Bank Nederland.

UK tax move boosts Heinz

By Our New York Staff

HEINZ, the food company, reported a 27 per cent increase in earnings for the quarter ended July, much of it because of foregiveness of certain deferred UK income taxes resulting from the latest Budget. Without this special gain, Heinz's net income would have gone up 8 per cent.

Profits were $48.2m or $2.05 a share compared with $38.1m or $1.65 in the same period last year. Sales were $860m, up from $827m. Mr Anthony O'Reilly, the president, said domestic performance had been strong. He described prospects for the year as favourable.

Power drops CP option

By Robert Gibbens in Montreal

POWER Corporation of Canada has said it will not exercise an option to buy 4m shares of Canadian Pacific Ltd. for C$216m (U.S.$180m) from the Caisse de Depot, the agency which invests Quebec Government pension fund contributions.

Earlier Power, a financial and industrial holdings group run by Mr Paul Desmarais, bought a 4.4 per cent interest in Canadian Pacific for $C 174m and took the option on the additional 4m shares from the Caisse.

Power said its decision not to exercise the option was based on "a question of price."

El Corte Ingles buys U.S. store chain

By Robert Graham in Madrid

EL CORTE INGLES, Spain's largest department store group, has bought a controlling stake in the California department store chain, Harris. The Spanish company has paid $10m but expects to invest a further $4m in this its first overseas venture.

Harris is a family-run chain of six stores based in San Bernardino that caters to middle income groups. Its 1980 turnover was $28m. The initial purchase was agreed in January but auditors are still assessing stock and fixed assets. El Corte Ingles has bought 90 per cent of the Harris equity and has an option to acquire the remainder over the next five years.

The Spanish group had looked at a number of store chains in the U.S. sun belt and said Harris seemed the most promising. It was attracted by the business prospects of the ethnic Spanish-speaking groups in California and also hoped eventually to sell some of its own Spanish produced goods in U.S. outlets. El Corte Ingles had a 1980 turnover of $1.26bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14.

Closing prices on September 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	85⅝	86⅛	0	−1	16.84
CIBC 14½ 84	185	94½	94⅞	−0⅛	−0⅛	17.13
CIBC 15¾ 86	75	95⅞	96⅜	−0⅛	−0⅜	16.42
CNA 15¼ 96	75	89⅝	90⅛	−0⅛	−0⅛	17.13
CNE 12¾ 91	100	79⅞	80⅜	−0⅛	−0⅛	17.08
Citicorp Int. Fin. 15 86	150	95⅛	95⅝	−0⅛	−0⅛	16.37
Citicorp O/S 15¼ 84	175	98	98½	0	+0½	16.24
Con. Illinois 14⅝ 84	100	94⅞	95⅜	−0⅛	−0⅜	17.07
EEC 14¼ 93	85	89	89½	−0⅛	−0⅛	16.86
EIB 12¾ 89	75	82⅞	83⅜	−0⅛	−0⅛	16.86
Eldorado 13¼ 86	50	88½	89	−0⅛	−0½	16.92
Elec. de France 13 88	125	85⅛	85⅝	−0⅛	−0⅛	16.85
Fed. Bs. D. 15⅝ 84 (J)	40	98	98½	−0⅛	0	16.48
Fin. Exp. Credit 10½ 85	50	81½	82	0	+0⅛	17.39
Finland, Rep. of 8½ 86	100	76⅞	77⅜	0	+0⅛	17.16
Ford Cr. O/S Fin. 16 84	150	98⅞	99⅜	−0⅛	0	16.31
Ford Cr. O/S Fin. 16 85	150	97	97½	0	+0⅛	16.97
Gaz de France 13½ 86	80	89	89½	−0⅛	−0⅛	17.12
GMAC O/S Fin. 12⅞ 88	100	85⅜	85⅞	−0⅛	−0⅛	16.70
GMAC O/S Fin. 14⅝ 87	100	92⅜	92⅞	0	+0½	16.78
Genstar 14⅝ 91	50	92⅝	93⅛	−0⅛	−0⅛	16.21
Hiram Walker 16 86	50	100⅛	100⅝	0	+0⅛	15.81
IBM Wld. Trade 14⅝ 84	100	99⅞	100⅜	0	+0⅛	14.73
IBM Wld. Trade 14¾ 85	60	98⅜	98⅞	0	+0⅛	15.21
Nat. Bk. Canada 15⅝ 84	40	96⅞	97⅜	−0⅛	−0⅛	16.53
Newfoundland 13½ 90	80	85⅛	85⅝	−0⅛	−0⅛	16.78
Nova Scotia 15 91	75	91⅞	92⅜	0	−0½	16.65
Ontario Hydro 13½ 91	100	86⅛	86⅝	0	0	16.35
Pacific Gas Elec. 16 88	75	100⅛	100⅝	−0⅛	0	15.88
PSNH Int. Fin. 17 86	30	98⅜	98⅞	−0⅛	+0⅛	17.59
Royal Bk. Canada 14 88	100	91⅞	92⅜	−0⅛	0	16.48
SNCF 13 91	75	83⅝	84⅛	−0⅛	−0⅛	16.42
Shell Canada 15⅜ 91	100	97⅜	97⅞	−0⅛	−0⅛	16.16
Sth California 14 87	50	93⅞	94⅛	0	+0⅛	15.82
Sth. California 14⅛ 88	50	94	94½	−0⅛	+0⅛	16.15
Sven. Handlsbk. 13⅛ 88	45	88	88½	0	0	16.75
Swed. Ex. Credit 13 86	75	87⅛	87⅝	−0⅛	+0⅛	17.28
Swed. Ex. Cred. 15⅜ 88	50	95⅛	95⅝	−0⅛	−0⅛	17.18
Toronto Dom. Bk. 14 84	50	93⅞	94⅜	0	+0⅛	16.84
Tribune O/S Fin. 14 86	50	91⅜	91⅞	0	0	16.71
Walt Disney 15⅜ 86	100	97	97½	0	0	16.60
Wells Fargo Int. 15½ 84	50	97⅝	98⅛	0	+0⅛	16.36
World Bank 14⅛ 86	500	92	92½	−0⅛	−0⅛	16.79
World Bank 16 86	210	97⅞	98⅜	0	0	16.60
World Bank 16 88	80	97½	98	−0⅛	−0½	16.51

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	94⅞	95⅜	−0⅛	+0½	10.80
Austria Rep. of 8¾ 92	150	85	85½	+0⅞	+0⅛	10.56
CECA 7⅞ 92	150	83⅞	84⅜	−0⅛	−0½	10.34
CECA 10 91	120	97⅜	98⅛	+0½	+0⅛	10.38
CII-Honeywell 8⅞ 90	125	83½	84½	−0⅛	−0⅛	11.31
Council of Europe 10 91	100	96⅝	97⅛	+0⅛	+0⅛	10.49
EIB 8½ 90	200	87⅜	88⅛	+0⅛	+0½	10.66
EIB 10½ 91	200	98⅝	99	0	−0⅛	10.71
ESCOM 8¾ 87	100	89⅜	90⅛	+0⅛	+0⅛	11.86
Finland, Rep. of 10 89	100	96⅝	97⅛	+0⅛	+0⅛	10.57
Iberduero SA 9 90	100	89⅛	90	−0⅛	−0⅛	10.87
Ind. Bk. Finland 8½ 90	50	87⅞	88⅜	+0⅛	+0⅛	10.58
Int.-Am. Dv. Bk. 10 91	100	94⅜	94⅞	−0⅞	−1⅛	10.94
Japan Air Lines 8¾ 87	100	89⅞	90⅜	−0⅛	+0⅛	10.32
Japan Dev. Bk. 7¾ 87	100	87⅛	87⅞	−0⅛	−0⅛	10.56
Kobe, City of 8 90	100	84⅞	85⅜	−0⅛	+0⅛	10.55
Midland Int. Fin. 8½ 90	150	87⅛	88	−0⅛	−0⅛	10.69
Nuclebras 8¾ 88	100	84⅜	85⅛	−1⅛	−0⅛	13.15
OKB 8¼ 92	150	82	82⅝	+1	+1⅛	11.12
Oslo, City of 8¾ 90	80	89½	90⅛	+0½	+1⅛	10.80
Renault Acc. 10⅛ 86	150	97	97⅜	0	+0⅛	11.46
Venezuela, R. of 9¾ 90	150	82⅞	83⅜	+0⅛	−0⅛	10.94
World Bank 8 90	700	83⅝	84⅛	−0½	−0⅛	10.94

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	†88	90	−1½	−2⅛	8.19
BFCE 6½ 91	100	†88½	89½	−0⅛	−3⅛	8.21
Bayer Int. Fin. 5¾ 92	100	81⅛	82	0	−1⅛	7.76
Belgelectric Fin. 7⅛ 91	100	96	96½	−0⅛	−1⅛	8.34
Bergen, City of 6⅝ 91	40	†93	94	−0⅛	−2⅛	7.72
CECA 6⅝ 91	80	90⅛	91	−1⅛	−4½	8.14
Denmark 5⅜ 90	80	79⅛	80⅛	0	−4½	9.14
Dome Petroleum 6¾ 91	100	85⅜	85⅞	+0⅛	−4½	7.97
Dome Petroleum 7¼ 90	100	98	98⅛	−0⅛	−1½	7.54
Elet. de France 5¾ 90	100	80⅛	80½	−0⅛	−0½	8.44
Eurofima 5¾ 92	80	†85	85½	0	+1⅛	8.38
Finland, Rep. of 5¾ 90	80	†78	79⅛	+0⅛	−3⅛	9.11
Franc. Petroles 6½ 91	80	†87	87½	+0⅛	−2⅞	8.49
Genstar 7 91	100	85⅜	86	−0⅛	−2½	7.61
Int.-Amer. Dv. Bk. 7 91	100	87⅛	88	−3⅛	−8	8.92
Japan Dev. Bank 5¾ 90	100	*85	86	+0⅛	−3⅛	8.06
Mt. Blanc Tunnel 6½ 90	60	80½	81	−2½	−3⅛	8.57
Newag 5⅜ 90	80	†88	88½	−0½	−1⅛	7.82
OKB 7 93	100	95	95½	−0⅞	−1⅞	7.82
Oslo, City of 5⅞ 90	80	80½	80⅛	−4⅞	−5⅛	9.09
Philips Lamps 6⅛ 92	100	79	79⅛	+0⅛	−3⅛	8.22
Swed. Ex. Credit 7⅛ 91	75	92⅛	92½	−0⅛	−1⅛	8.43
Trade Dev. Fin. 6⅝ 90	50	†84	86	−2½	−2⅛	8.68
Voest-Alpine 5¾ 90	80	82½	82⅞	−1⅛	−1½	8.59
World Bank 6 91	100	*85	87	0	−1	8.18
World Bank 7 90	100	*96	96⅛	0	−1	7.62

Average price changes... On day −0⅛ on week −2⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	96⅛	97⅛	0	+0⅛	8.67
Australia 6½ 88	20	84⅞	85⅞	0	+0⅛	9.54
EIB 7⅛ 89	12	93½	94⅛	0	+0⅛	8.87
Finland 6.8 88	10	84⅝	85⅞	0	−0⅛	9.89
Finland, Rep. of 8⅛ 87	15	95⅞	96⅞	0	0	9.20
New Zealand 8⅛ 87	15	97	98	0	+0⅛	8.93

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 86 C$	60	†82½	83½	0	−0⅛	15.87
CIBC 13½ 85 C$	50	†90	91	−0½	−0½	17.09
CIBC 11½ 85 C$	60	†84⅛	85½	−0½	0	17.08
Federal Dev. 11½ 90 C$	60	†75	76½	−0½	0	16.89
Fst. Can. Inv. 10 84 C$	50	†82	83	0	−1	16.79
R. Bk. Canada 10 86 C$	40	†82	84	0	−0½	15.29
Tordom Cpn. 13½ 86 C$	30	†92½	93½	0	+0½	16.08
M. Bk. Dnmk. 8 91 EUA	25	84⅛	85⅛	0	+2⅛	11.64
SOFTE 8¾ 89 EUA	40	79⅞	81	0	−0⅛	12.36
U. Bk. Nwy. 9½ 90 EUA	18	86½	87⅛	0	−1⅞	14.97
Algemene Bk. 10⅛ 86 Fl	60	92⅛	92⅝	+0⅛	−0⅛	12.63
Amro Bank 12 86 Fl	75	98	98½	0	−0⅛	12.47
Heineken NV 10 87 Fl	100	89⅛	89⅝	−0⅛	−1⅛	12.83
Nat. Nedrlndn. 10 88 Fl	60	92	92½	−0⅛	−1½	11.76
Ned. Midd. Bk. 10 85 Fl	75	92⅜	92⅞	−0½	−1⅛	12.44
Pierson 10⅛ 85 Fl	50	91½	92	0	−0½	12.73
Rabobank 12 86 Fl	50	97½	98	−0⅛	−0⅛	12.62
Air France 14½ 88 FFr	200	89	90	0	−0⅛	17.94
Bk. America 14½ 85 FFr	250	89	90	+0⅛	0	17.93
Charb'nages 13⅞ 85 FFr	400	87½	88½	0	+0⅛	18.06
EIB 14⅛ 88 FFr	300	85⅛	86½	0	−0⅛	17.93
La Redoute 14⅛ 85 FFr	125	86	87	0	+0⅛	19.17
OKB 14 86 FFr	400	87⅛	88⅛	0	+0½	18.01
Solvay et C. 14⅛ 86 FFr	200	90⅛	91⅛	0	−0⅛	17.75
Swed. E. Cr. 14⅛ 86 FFr	250	83½	84½	0	−2	20.18
U. Mex. Sto. 14 85 FFr	150	87⅛	88⅛	0	+0⅛	18.78
Acona 14 85 £	20	92	92⅛	0	−0½	16.58
Beneficial 14⅛ 90 £	20	83	83½	−0½	−0⅛	18.05
BNP 13½ 91 £	15	85⅛	86	−0½	−0⅛	16.58
CECA 13½ 88 £	20	86⅛	86⅞	−0⅛	−0⅛	16.32
Citicorp O/S 13½ 90 £	50	88⅞	89⅛	−0⅛	−0⅛	15.85
Fin. Ex. Cred. 13⅛ 86 £	15	92⅛	93⅛	−0½	+0⅛	16.03
Gen. Elec. Co. 12½ 89 £	50	86⅛	87⅛	+0⅛	−0⅛	15.88
Hiram Walker 14⅛ 86 £	25	93	93¼	−0⅛	+0⅛	16.82
Privatbanken 14½ 88 £	12	90⅛	91	−0⅛	−0⅛	16.88
J. Rothschild 14⅛ 90 £	12	93	93⅛	−0⅛	+0⅛	15.66
Royal Trustco 14 86 £	12	93	93⅛	0	+0⅛	16.10
Swed. Ex. Cr. 13⅛ 86 £	20	92⅛	93⅛	+0⅛	+0⅛	16.04
Akzo 9⅛ 87 LuxFr	500	88½	89½	−0⅛	−0⅛	11.86
Euratom 9⅛ 88 LuxFr	500	86⅛	87⅛	0	−0⅛	12.87
Eurofima 10½ 87 LuxFr	500	88½	89½	+0⅛	0	13.21
EIB 9⅛ 88 LuxFr	600	85	86	0	−0⅛	13.22
Volvo 9⅛ 87 LuxFr	500	84⅛	85⅛	+0⅛	−0⅛	13.36

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅛	98⅞	98⅞	18/12	16⅛	16.98
BBL Int. 5 86	0⅛	99⅛	99⅜	20/11	18.31	18.40
BNP 5¼ 89	‡0⅛	99⅛	99⅜	29/10	18.81	18.91
Christiania Bk. 5½ 91	‡0⅛	98⅛	99⅛	6/11	19.19	19.41
Citicorp O/S Fin. 94	‡0	99⅛	99⅜	30/9	19.19	19.28
C. Itoh 5¼ 87	0⅛	99⅜	99⅞	18/9	15.44	15.50
Co-operative Bk. 6 88	0⅞	99½	100	15/11	19.56	19.61
Den Norske Credit 6 90	§0⅛	99	99½	6/11	19.19	19.33
Genfinance 5⅛ 87	0⅛	99⅛	99⅝	30/10	16.94	17.02
Genfinance 5¼ 92	0⅛	99	99½	30/12	18.31	18.45
Giro und Bank 5¼ 91	‡0⅛	99	99½	23/9	19.06	19.21
GZB 5¼ 92	‡0⅛	98⅞	98⅜	5/9	17⅛	17.51
Ind. Bank Japan 5¼ 88	0⅛	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0⅛	97⅛	97⅝	6/1	13⅞	13.99
Lloyds Eurofin 5¼ 92	0⅛	98½	99	4/12	17.44	17.66
LTCB Japan 5¼ 86	0⅛	99⅛	99⅝	13/12	17⅛	17.26
LTCB Japan 5½ 89	0⅛	99⅛	99⅝	18/7	18.32	18.41
Man. Hanov. O/S 5¼ 94	‡0⅛	99⅜	99⅞	30/11	19⅜	19.45
Merrill Lynch O/S 87	‡0⅛	100	100½	9/11	19.06	19.01
Midland Int. Fin. 5⅛ 92	0⅛	98⅛	99⅛	5/12	17⅛	17.57
Midland Int. Fin. 9 91	0⅛	98⅞	99⅜	30/10	16.81	17.00
Nacional Fin. 5⅜ 86	0⅛	98⅞	99⅜	25/1	19⅜	19.42
Nacional Fin. 5½ 88	0⅛	97⅛	97⅝	25/9	14⅞	15.24
Nat. Bk. Canada 5¼ 88	0⅛	99	99½	24/9	14½	14.61
Nat. West. 5¼ 94	§0⅛	98⅜	98⅞	14/10	16.19	16.41
Nat. West. Fin. 5¼ 91	§0⅛	98½	99	15/1	18⅛	18.35
Nat. West. Fin. 5¼ 92	§0⅛	98½	99	23/10	16.81	17.02
Pemex 6 91	0½	97⅛	97⅝	8/10	15.31	15.73
Societe Generale 5¼ 91	0⅛	98½	99	22/1	18⅝	18.86
Sparebanken 6 87	0⅛	98	98½	19/12	16.81	17.11
Svenska Hndlsbk. 5 87	0⅛	98⅛	98⅝	15/1	18⅛	18.24

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	82½	84	−0⅛	−2.85
Bow Valley Inv. 8 95	4/81	23.12	99⅛	100⅛	−0⅛	20.28
Canon 6⅛ 95	1/81	829	159½	161	+0½	−0.08
Daiwa Secs. 5½ 96	12/81	539	89½	90½	+2	−2.84
Fujitsu 5½ 96	7/81	732	98½	99½	0	−0.93
Furukawa Elec. 5⅛ 96	7/81	300	108	108	+1	−3.16
Hanson O/S Fin. 9½ 96	8/81	2.74	90	91	+0⅛	4.48
Hitachi Cred. Cpn. 5 96	7/81	1966	83	84	+1	0.60
Ina Overseas 8⅛ 2000	4/81	42	95	96⅛	−0⅛	1.99
Inchcape 8 95	2/81	4.55	60⅛	68⅛	−1⅛	9.26
Kawasaki 5⅛ 96	9/81	229	97	98	−0⅛	−20.80
Marion Int. Fin. 9 95	12/80	15.5	73	74⅛	+0⅛	40.37
Marui 6 96	7/81	931	85	86	+0½	2.03
Matsushita El. 7½ 95	11/80	590	83⅛	84⅛	−1⅛	−5.05
Murata 5¼ 96	7/81	2190	93	94	+1	3.91
NKK 6½ 96	7/81	188	112	113	+1	29.84
Nippon Chemi-C. 5 91	10/81	919	82½	83½	+0½	−2.86
Ricoh 6⅛ 95	8/80	604	135½	137	+4	−2.38
Sumitomo M. Ind. 7 95	2/81	181	143	144½	+1	−3.48
Swiss Bk. Cpn. 6⅛ 90	9/80	200	70	72	0	39.15
Taylor Woodrow 8⅛ 90	1/81	4.94	88	89	−1⅛	2.56
Transco Int. 8⅛ 95	2/81	68	75⅛	77	−0⅛	17.37
Tricorp 8½ 95	12/80	31.25	80⅛	81⅛	0	32.35
Union Bk. Switz. 5 89	2/80	70.79	69½	71½	−1⅛	5.71
Sharp Cpn. 6½ 88 DM	9/80	595	174⅞	176⅞	−9⅛	−4.19
Uny Co. 6½ 85 DM	11/79	879.3	105½	106½	+0⅛	−3.05

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AEG sees return to profits by 1983

By Kevin Done in Frankfurt

AEG-TELEFUNKEN, the financially-troubled electrical and electronics group, should be operating at a profit again by 1983, Herr Heinz Dürr, chief executive, said yesterday.

The group, West Germany's second largest electrical concern, has run up heavy losses in five of the last seven years and was only saved from financial collapse at the end of 1979 by a consortium of leading German banks. The company last paid a dividend in 1973.

After losses of DM 278m ($114m) last year, DM 968m in 1979 and DM 347m in 1978, AEG is still deeply in the red, and yesterday's comments by Herr Dürr, made at a consumer electronics exhibition in West Berlin, are the first indication of a return to profitability.

The group is still financially very weak and is searching hard for partners which might help carry the burden of researching and developing new products.

Herr Dürr said yesterday that the company's planned four-sided joint venture in video products with Thorn-EMI of the UK, JVC of Japan and Thomson Brandt of France, would still go ahead even if Thomson Brandt was unable to join the project. The French electronics group is on the list of companies facing nationalisation.

The agreement among the four companies has been held up by political uncertainty in France. If Thomson Brandt were to drop out, the video cameras would be produced in the Federal Republic or in the UK, said Herr Dürr.

Despite the delays, AEG is pressing ahead with the first part of the joint scheme, the DM 40m project to build video recorder production facilities in West Berlin. Production is due to begin in spring next year, building up to a level of 400,000 a year.

● Agfa-Gevaert, the subsidiary of the Bayer chemicals group, and Bertelsmann, West Germany's largest media concern, said yesterday that they are to invest up to DM 50m in a join venture in West Berlin to manufacture video cassettes. Agfa will hold a 51 per cent interest and Bertelsmann 49 per cent.

The two companies are aiming at an annual turnover of around DM 80m in the initial stage of the venture, which is expected to start production in the spring of 1983.

Losses mount at Ford Nederland

By Charles Batchelor in Amsterdam

FORD NEDERLAND, the Dutch arm of the U.S. motor company, reports a loss of Fl 50.7m ($19m) for the first half of this year, mostly as a result of the problems of its Amsterdam truck assembly plant, which it wants to close.

At the same time, in its most delayed annual report for 1980, which was qualified by its accountants, Ford announced a loss of Fl 65m in the whole of last year.

The accountants said they were unable to judge the reliability of the annual report because the future of the company was uncertain. No details of the cost of the closure had been given and it was unclear how it would be financed, they added.

Ford said in April that it planned to shut down its Amsterdam plant at the end of September because of mounting losses. The workforce subsequently occupied the plant and in July a court ordered that the company could not go ahead with closure before an official enquiry had been held.

The company's assembly operation accounted for Fl 41m of the loss last year and for a similar amount in the first half of 1981.

It attributed the losses to under-use of capacity, higher raw material coss and the rise of the value of sterling. Many components are bought from Ford's UK factories.

In the annual report, Ford repeated the need for th closure of the Amsterdam factory, where transit light vans and transcontinental heavy trucks are assembled.

Ford Nederland is discussing with the Ford group how to finance the continuation of its operations. The court order ruling that the plant must temporarily be kept open had upset earlier plans to finance the operation to September 30 and then close down.

David Housego looks at a nationalisation dilemma

Paribas on a knife-edge

FOR FRANCE'S private banks there is nothing much left to be done but wait. The final decisions on nationalisation—among which some of the trickiest lie in the banking sector—are likely to be taken in the coming days.

The special Cabinet committee on nationalisation met yesterday morning. The text of the nationalisation Bill is due to go before the Council of State for legal screening on Friday and after that the scope for further change is limited.

At the ornate headquarters of Paribas, the banking and industrial group, in the Rue d'Antin, there was yesterday a tangible air of expectancy. Opinion within the Government on what the fate of the institution should be hangs by a knife-edge. As the most abrasive of the French banque d'affaires and the one with the largest market capitalisation, Paribas has aroused the most hostility within the Socialist party as a "state within a state."

M Pierre Moussa, the bank's chairman, has argued his case at ministerial level seeing, among others, M. Pierre Dreyfus, the Minister for Industry, and on several occasions M Jacques Delors, the Minister for Finance. Paribas' major international partners, A. G. Becker of the U.S., S. G. Warburg, the Power Corporation of Canada, and Sun Hung Kai of Hong Kong, in which it has taken a substantial holding to build up its operations in North America, Europe and the Far East, have made their representations to the Government.

Representatives from Sun Hung Kai—in which Paribas has a 30 per cent holding — were in Paris yesterday. They have indicated to the Government that if Paribas is fully taken over they would want to seek a new partner. M Moussa says that neither Warburg, in which Paribas has a 25 per cent interest, nor Becker (20 per cent) nor the Power group (19 per cent) want a state subsidiary as a partner. At the best, Paribas would be able to retain a portfolio interest but without a say in management.

M Moussa talks with the caution of a man who feels that all is not yet lost. "If I am realistic," he says, "there is no point in crying over what has already been decided. I do not consider the nationalisation of the banks either a necessary or a good thing. But the Government has decided to nationalise domestic credit. The problem is to draw the limit there."

M Pierre Moussa
"Nationalisation not necessary"

Paribas' domestic banking operations account for about a quarter of the group's net worth of FFr 13bn ($2.24bn). They include the Credit du Nord retail network; Compagnie Bancaire, the finance company; and Banque Paribas, the wholesale bank. M Moussa would like to see the other three legs of its business—its overseas banking operations and its industrial investments in France and abroad—excluded from the scope of nationalisation. In recent years its international operations have been its fastest growing side.

M Moussa quotes in support M Pierre Mauroy, the Prime Minister, who told the National Assembly that banks' industrial holdings—outside those in companies scheduled for nationalisation—would be returned to the private sector. M Moussa argues this should mean that ownership should continue to lie with Paribas' 50,000 shareholders.

M Moussa claims that Paribas has never taken a substantial shareholding in a French company without the consent of management and shareholders—and often at their demand.

He recalls that it was the Empain-Schneider Board which approached Paribas earlier this year with proposals that ended up in Paribas taking a 13 per cent stake in Empain-Schneider. Paribas' acquisition of a 66 per cent stake in Neiman, the car components group, was at the request of Neiman's president. Fives-Lille, the engineering group in which Paribas has a majority interest, has already expressed its unhappiness at the prospect of losing Paribas as a private shareholder.

M Moussa also enlists the support of remarks by the Prime Minister that nationalisation should not damage the overseas operations of French banks. Paribas is now represented in 41 countries and has been building up its overseas network on its image as a private bank. "I won't say that nationalisation would prevent our operations," M Moussa declares, "but it would reduce the possibilities of developing our activities." He has in mind particularly the Middle East, North America and Japan. "We have been told by customers that we could not count on maintaining relationships, so it is inevitable we would lose customers."

M. Moussa does not believe that the advent of a Socialist administration necessarily means abandoning the ambitions of Paris as a financial centre. At the moment it is not realistic, he says. "But if nationalisations are carried through wisely — as I am persuaded they will be — then in a few months it should be possible to make further advances."

His apprehension about the Government's measures last week to force down bank lending rates were not over the means — he supports M. Delors in his search for lower rates. But M Moussa insists that the measures which shield domestic rates from international rates should not be the first step to the insulation of the French market. "We are part of Europe and part of the free trading world," he says.

Strong advance at Kosmos

By Fay Gjester in Oslo

KOSMOS, the Norwegian shipping group, increased profits before allocation to NKr 34.7m ($14m) in the first half of 1981 from NKr 29.5m in the corresponding period last year. The improvement reflected earnings from ship sales totalling NKr 28.2m and NKr 27.2m rise in net financial earnings to NKr 45.2m as a result of the improved value of the dollar and high U.S. interest rates.

Profits from shipping operations actually fell—to NKr 2.4m from NKr 9m. Dry cargo ships continued to make a profit, but tankers and combined carriers operated at a loss.

Net financial earnings are expected to be lower in the second half of the year, so that the result for the whole of 1981 could be slightly down on last year.

NOTICE OF REDEMPTION

U.S. Rubber Uniroyal Holdings Société Anonyme

6¼% Guaranteed Sinking Fund Debentures due 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 1, 1967, providing for the above Debentures, there will be redeemed for account of the Sinking Fund on October 1, 1981 (the "Redemption Date") $870,000 principal amount of the 6¼% Guaranteed Sinking Fund Debentures due 1982 (the "Debentures"), at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

The serial numbers of the Debentures which have been selected for redemption (each bearing the prefix letter "M") are:

M 199	1867	3637	4895	6949	8785	10377	11566	12362	13594	14476	15935	17120	18129	18778
285	1889	3659	4905	7061	8810	10395	11590	12510	13609	14522	15971	17124	18152	18788
359	1896	3677	4914	7067	8854	10393	11642	12529	13615	14542	15992	17138	18166	18790
443	1900	3682	4926	7092	8860	10400	11645	12778	13620	14548	16029	17161	18178	18794
468	1908	3703	4935	7181	8878	10455	11664	12781	13625	14560	16082	17167	18180	18796
482	1918	3747	4962	7187	8884	10481	11675	12802	13638	14565	16105	17174	18186	18803
600	1939	3763	5008	7205	8921	10520	11686	12806	13650	14644	16111	17190	18189	18806
626	1962	3783	5038	7210	8931	10537	11707	12815	13665	14726	16115	17227	18194	18838
657	1969	3797	5128	7218	8946	10550	11716	12837	13670	14731	16136	17231	18199	18840
674	1976	3805	5177	7224	9006	10584	11720	12856	13677	14988	16142	17243	18232	18844
693	2031	3814	5235	7230	9030	10590	11726	12866	13684	14993	16145	17249	18241	18847
704	2037	3863	5262	7233	9037	10597	11763	12870	13689	15127	16176	17257	18247	18862
727	2165	3874	5335	7244	9064	10604	11776	12901	13693	15132	16222	17261	18274	18864
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1418	3059	4212	6262	7861	9671	11114	12023	13204	13974	15529	16817	17593	18587	19038
1439	3073	4222	6278	7900	9677	11125	12027	13209	13995	15535	16822	17610	18602	19045
1445	3080	4239	6285	7976	9738	11136	12032	13303	14008	15551	16826	17543	18608	19048
1453	3087	4245	6306	8001	9741	11189	12038	13327	14010	15565	16856	17649	18625	19082
1507	3177	4254	6311	8012	9816	11210	12057	13337	14028	15571	16876	17653	18631	19088
1514	3193	4296	6316	8036	9881	11217	12064	13350	14125	15586	16883	17677	18635	19104
1527	3200	4302	6399	8079	9889	11264	12069	13358	14151	15636	16900	17681	18638	19111
1533	3207	4454	6407	8178	9927	11268	12074	13362	14157	15641	16906	17772	18641	19115
1540	3253	4461	6425	8162	9943	11339	12153	13381	14171	15674	16935	17776	18644	
1554	3269	4492	6449	8183	10043	11355	12159	13390	14176	15707	16939	17782	18648	
1575	3274	4496	6489	8502	10089	11359	12164	13405	14196	15712	16947	17786	18665	
1602	3280	4508	6515	8538	10103	11398	12227	13425	14200	15718	16959	17790	18684	
1607	3368	4524	6533	8542	10137	11400	12232	13442	14269	15722	16964	17862	18741	
1667	3373	4530	6542	8550	10168	11406	12236	13449	14318	15736	16975	17886	18743	
1673	3408	4555	6547	8603	10232	11411	12241	13465	14357	15743	16979	17925	18748	
1678	3425	4586	6670	8612	10252	11417	12255	13480	14362	15752	16994	17963	18751	
1684	3455	4610	6676	8679	10285	11441	12280	13485	14365	15825	17019	17966	18755	
1702	3466	4616	6679	8681	10306	11464	12292	13490	14378	15838	17044	17973	18757	
1707	3472	4628	6727	8657	10312	11488	12296	13495	14384	15842	17073	17998	18762	
1825	3586	4706	6748	8673	10353	11489	12301	13551	14395	15916	17085	18013	18765	
1846	3588	4786	6755	8677	10360	11536	12308	13556	14435	15929	17094	18028	18768	
1855	3592	4872	6760	8763	10396	11557	12314	13562	14448	15926	17098	18072	18773	
1859	3630	4888	6948	8781	10373	11561	12357	13566	14466	15932	17114	18076	18776	

On and after the Redemption Date the Debentures designated above will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to October 1, 1981, attached, at the option of the holder, either at the office of Chemical Bank, by mail: P.O. Box 25963, Church Street Station, New York, New York 10249 or Chemical Bank, by hand: Corporate Tellers, 55 Water Street—Room 234, 2nd Floor North Building, New York, New York 10041, or at the office of Bank Mees and Hope NV in Amsterdam, the office of Société Générale de Banque S.A. in Brussels, the office of Deutsche Bank A.G. in Frankfurt, the office of Hambros Bank Limited, Samuel Montagu & Co. Ltd., and S.G. Warburg & Co. Limited in London, the office of Banque Générale du Luxembourg, S.A. in Luxembourg, the office of Banco Nazionale del Lavoro in Milan and the Office of Crédit Lyonnais in Paris.

Interest on the Debentures so designated for redemption shall cease to accrue on and after the Redemption Date. All coupons maturing after said date which appertain to such Debentures shall be void. Coupons maturing on October 1, 1981, should be detached and surrendered for payment in the usual manner.

U.S. Rubber Uniroyal Holdings Société Anonyme
By: Chemical Bank, Trustee

DATED: August 31, 1981

Comeng increases earnings and payout

By Our Sydney Correspondent

COMENG HOLDINGS has overcome industrial problems in the second half of the year to June to maintain its string of annual profit rises with an increase of 15.1 per cent from A$11.7m to A$13.48m (U.S.$15.5m). Sales advanced by 14.6 per cent from A$179.4m to A$199.8m.

The company has also maintained its long line of higher payouts to shareholders with the annual dividend held at 12 cents a share on capital increased by a 1-for-10 scrip issue in March. This will lift the distribution from A$3.98m to A$4.37m. Earnings per share rose from an adjusted 32 cents to 36.8 cents.

The directors said that profits from the company's wholly-owned operations increased by 24.5 per cent in the year, despite industrial problems.

Earnings from the merchandising of industrial equipment and replacement parts rose mainly through higher sales to the resource industries. Among the group's associate companies, the 50 per cent owned Bradford Consolidated group lifted earnings by 11.6 per cent but this was offset by a lower contribution from the 41.68 per cent-owned Union Carriage and Wagon operation.

Dividend income from Comeng's 19.9 per cent share in Australian National Industries also rose by 11.6 per cent in the year.

Australian share flotation boosts Weeks Petroleum

BY OUR SYDNEY CORRESPONDENT

WEEKS PETROLEUM, the oil exploration company based in Bermuda, run from the U.S., and listed in London and Australia, increased after-tax income before extraordinary gains by 21.5 per cent to US$5.55m in the half-year to June 30, from US$4.57m in the first half of 1980.

The company made, in addition, an extraordinary gain of US$18.43m from its sale of a 49 per cent interest in its wholly-owned Australian subsidiary, Weeks Australia, to the public for A$36.75m (US$42m).

This brought total net profits to US$24m, compared with US$4.7m. Revenues were up 16.9 per cent to US$12.23m, from US$10.46m.

The company describes the results for the half as encouraging, given the unsettled condition of the international oil industry.

Weeks' income before tax was US$8.36m, compared with US$6.71m. It is the company's policy to pay no dividend, but to plough back it's income, derived mainly from revenues from the Bass Straits, into its oil exploration interests.

The growing financial strength of the company, the directors said, had accelerated its progress in acquiring and exploring properties with suitable hydrocarbon potential. Some 29 applications for licences or concessions had been filed and were pending in seven countries.

The funds from the Weeks Australia flotation would be used to expand the programme of exploration in Australia. Weeks Australia holds varying interests in two Timor Sea licences, a number of licences in the Surat and Coonamble Basins of New South Wales, and a licence in the Gulf of Carpentaria.

The company has said it would not let its holding in Weeks Australia fall below the present 51 per cent.

Weeks sees as a development that could be of high importance among its other activities an agreement with two Turkish industrial companies to acquire a one-third interest in 41 petroleum licences and 13 pending applications in Turkey.

The company holds a 27.6 per cent share interest in Alliance Oil Development Australia, through Weeks Australia, as well as a 24 per cent stake in Ogle Resources of the U.S.

In other areas of the U.S. apart from those involved in the Ogle interest, the emphasis is on new exploration projects, Weeks says. A Gulf Coast exploration group which includes six UK and European participants and for which Weeks is the operator with a 27 per cent interest, intends to invest U.S.$30m over the next three years.

Plantation funding in Malaysia

BY WONG SULONG IN KUALA LUMPUR

TWO MALAYSIAN state agencies have signed for a 60m ringgit (U.S.$25m) bank loan to help them open what would be one of the largest coconut and cocoa plantations in the east Malaysian state of Sabah.

The project is to be underwritten by Permodalan Plantations, which is jointly owned by the Sabah government's investment fund, and Food Industries of Malaysia, a federal government agency. The loan is to be provided by nine local banks, headed by the Development Bank of Sabah. Terms of the loan have not been revealed.

Permodalan Plantations will use the money to open up 20,000 acres of jungle in the fertile Kinabatangan valley for coconut and cocoa. The total cost is estimated at 120m ringgit. Planting is expected to be completed by 1985, and the full production target date is 1990.

Sabah is Malaysia's premier cocoa growing state. Planted acreage under the crop increased from 25,000 acres in 1975 to 143,000 acres last year.

Acquisition lifts profit at Hume Malaysia

By Our Financial Staff

HUME INDUSTRIES (Malaysia) achieved an increase of 66 per cent in after-tax profit to a record 15m ringgit (U.S.$6.3m) in the year ended June on sales up by 95 per cent to 231.9m ringgits.

The asbestos, cement, concrete and steel products manufacturer attributed the gain to the acquisition of Hume Industries (Singapore) from Hume Industries (Far East), the Singapore-based holding company which is itself the object of a takeover bid by Hong Leong Holdings.

The Malaysian company's local subsidiaries posted better profits amid strong domestic demand.

The company has declared a 9 sen a share final dividend and a 5 sen a share bonus dividend, bringing the total for the year to an unchanged 20 sen a share.

Profit growth is expected to slow in the current year, partly because of higher manufacturing costs.

The year's routine might be disrupted however. In its offer for Hume (Far East), Hong units might take over Hume (Malaysia) and dispose of the latter's traditional industrial activities.

The Malaysian authorities recently cleared the way for Hong Leong to offer S$6.10 for each of Hume Far East's 58m shares, valuing the holding company at S$353.8m (U.S.$164m). Hume of Australia has indicated that it plans to accept Hong Leong's offer for its 62.1 per cent stake.

Hong Leong is a closely held company controlled by the Kwek family of Singapore and Malaysia. It recently signed a multi-currency loan equivalent to S$315m which is expected to finance the acquisition.

Singapore engineer in the red

By Our Financial Staff

UNITED ENGINEERS of Singapore, suffered from high interest rates in the half year to June and posted group pre-tax loss of S$3.5m (US$1.8m) compared with a S$3.9m profit a year earlier. There was a 12 per cent increase in turnover to S$76.5m but operating profits fell by 52 per cent to S$2.7m.

The company said that severe competition in the industry hampered earnings, first-half problems were likely to persist, and full year results would not be satisfactory.

Dow 9.2 weaker at 1pm

FURTHER weighed down by interest rate worries, Wall Street went into a fresh sharp slide yesterday morning in active trading on returning from the holiday-lengthened weekend.

The Dow Jones Industrial Average, which fell 30 points last week to a 15-month low, was 9.23 lower at 852.45 at 1 pm yesetrday. The NYSE All Common Index dipped $1.02 to $68.53, with declining issues exceeding 1,000. Trading volume came to 30.46m shares, compared with Friday's 1 pm level of 33.64m.

Analysts noted that all the news pertaining to interest rates was bad. Last Friday's M1-B supply figures showed an unexpected increase of $1.5bn, which investors fear will prompt the Federal Reserve to keep a tight rein on monetary policy.

In addition, Citibank yesterday announced that it would maintain its Prime Rate at 20½ per cent, while the key Federal Funds Rate, on overnight loans between banks, rose to 16¾ per cent from Friday's close of 16.

Oil stocks suffered from Saudi Arabian oil minister Yamani's statement that his country will not raise its oil prices for the next few years, and also OPEC president Subroto's prediction that the OPEC members will agree on a price of $34 a barrel, lower than which many are now charging.

In the Oil group, Texaco shed ⅜ to $35½, Standard Indiana 1½ to $53¾, Getty Oil 1½ to $62¼, Getty Oil 1½ to $62¼, Superior 1⅝ to $32⅜ and Union Oil ⅞ to $37¼.

Among Technology issues, Storage Technology, an active stock, fell 1⅛ to $29⅜, Data Terminal 1¾ to $8¾, GCA $4 to $29¾ and IBM ⅜ to $53¾.

Occidental Petroleum lost ⅛ to $25⅝ after news that it has made an offer to acquire Zappata. Schlumberger fell $2⅞ after announcing it would take over Applicon.

Southdown, however, rose 3¼ to $38¾ on reporting a natural gas discovery in Louisiana.

THE AMERICAN SE Market Value Index fell 9.12 to 328.16 at 1 pm on volume of 3.64m shares.

Canada

Markets were broadly and sharply lower at mid-day after a fair turnover. The Toronto Composite Index was down 26.8 at 2,114.7, while the Oil and Gas index retreated 88.8 to 4,571.9.

Hong Kong

Stock prices suffered one of their worst single day losses of the year yesterday as the Hong Kong dollar shot lower, adding to growing concern that the economy is showing fundamental weakness from the persistence of high interest rates.

The Hang Seng index fell 45.22 more to 1,518.90 following a loss of 33 points on Monday. The index is now 291 points below the all-time high of 1,810.20 recorded on July 17 this year. Turnover, however, remained moderate, amounting to HK$452.78m on the four stock exchanges, against Monday's HK$461.81m.

The Hong Kong dollar fell yesterday to near the 6.00 level against the U.S. dollar, compared with 5.944 early on Monday. Brokers said there was some feeling of panic as the psychologically important barrier was reached, with the weak currency adding to fears that the economy is suffering ills that will not be rectified soon.

The market was hit with two rights issues yesterday. One was for a total of HK$34m from Tai Shing Development, while Hong Kong Telephone announced a HK$119m issue of shares. Brokers said the moves added to the market's weakness. HK Telephone retreated 50 cents to HK$20.00.

Tokyo

Following renewed weakness early in the session, the market partially recovered during the afternoon on "cheap" buying, but trading remained thin.

The Nikkei-Dow Jones Average fell some 62 points before rebounding to 7,594.81, only 9.36 easier on the day. Volume came to 200m shares (150m).

Alarmed by the recent persistent market decline, Tokyo Stock Exchange authorities eased restrictions on margin trading another notch yesterday. They announced after the market closed that investors in margin trading will have to put down 50 per cent of purchase in cash, down from a previous 60 per cent. Only recently, authorities raised the amount of securities and other instruments investors can use instead of cash in margin trading. At that time, the market failed to respond and kept on falling.

Blue Chips and other Populars fell across the board initially on foreign selling, but some recovered rapidly towards the close as domestic investors bought in at what they considered to be bargain levels.

Motors finished strongly, Toyota adding Y60 at Y1,380, Honda Y51 at Y970 and Nissan Y30 at Y1,030.

Oils remained a firm sector on good earnings prospects, Nippon Oil rising Y19 to Y929 and Teikoku Y7 to Y827.

Pioneer Electronic gained Y70 at Y3,740 and Canon Y30 at Y1,460, while Hitachi, after falling to Y756, closed a net Y1 up at Y777.

However, TDK Electronics lost Y70 at Y4,100 and Sony Y30 at Y4,040.

Australia

After hitting a 15-month low on Monday, the market tone improved yesterday, heartened by annual results from Western Mining and later news from the company of an oil show in Western Australia's Canning Basin.

Western Mining, which forged ahead 42 cents to A$5.00, reported a slight improvement in profits and maintained final dividend, a sharp contrast to losses posted by some leading Miners. Its Acacia No 1 well in EP 143 encountered hydrocarbons over a 172 metre interval.

Price movements throughout the market were mixed, but the All Ordinaries Index recovered 6.6 to 612.2, while the Metals and Minerals index regained 3.4 at 506.0. The Oil and Gas index, which lost more than 80 points in just over a week, recouped 17.4 at 674.1.

BHP, the leading oil producer in Australia, put on 25 cents to A$12.25, while Woodside Petroleum rallied 9 cents to A$1.47. Vamgas rose 70 cents to A$11.50.

Among Minings, MIM, A$4.00, and CRA, A$3.70, hardened 10 cents apiece, while elsewhere, CSR, put on 8 cents to A$4.83.

Paris

Bourse prices generally moved higher in busy trading.

Observers on the Exchange floor said they are starting to see a flow of funds into the Bourse which had previously been placed in time deposits. The French Government last week announced new banking regulations which discourage deposits of less than FFr 500,000 for periods of less than 12 months. A statement by Economics Minister, Jacques Delors on Monday to the effect that he remains opposed to freezing prices was also behind the improved sentiment.

Switzerland

Stocks fell afresh in a market still labouring under rising interest rates and fears about inflation. The Swiss Bank Corporation Industrials index weakened 4.3 to a new 1981 low of 263.7.

Germany

Shares closed narrowly mixed after slow trading. Brokers said that after the opening prices trended upwards on account of some foreign purchases, but came down later when slack domestic market interest failed to back up earlier gains.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 31	Aug. 28	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
●Indu str'ls	861.68	857.01	884.23	882.71	881.47	882.22	1024.05 (27/4)	861.68 (4/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.08	57.32	57.52	57.59	57.49	57.56	65.78 (15/1)	57.08 (4/9)	—	—
Transport.	358.68	363.11	373.01	371.21	371.48	375.46	447.38 (16/4)	358.66 (4/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	106.44	108.20	108.69	108.72	108.81	108.74	117.81 (6/1)	105.89 (6/6)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-t	42,760	41,760	37,570	48,110	40,880	38,200	—	—	—	—

●Day's high 869.95. low 856.16.

	Aug. 28	Aug. 21	Aug. 14	Year ago (approx
Ind. div. yield %	6.20	6.01	5.90	5.59

STANDARD AND POORS

	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 31	Aug. 28	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	135.06	136.28	138.89	138.27	137.88	139.37	157.02 (6/1)	135.06 (4/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	120.07	121.24	123.49	123.02	122.79	124.08	58.12 (6/1)	120.07 (4/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Sept. 2	Aug. 26	Aug. 19	Year ago (approx
Ind. div. yield %	5.14	5.07	4.85	4.64
Ind. P/E Ratio	8.82	8.94	9.33	8.51
Long Gov. Bond yield	14.36	14.25	13.67	11.02

COMMODITIES AND AGRICULTURE

Commission to study meat scandal

CANBERRA — Australia yesterday announced the creation of a Royal Commission to investigate a scandal over horse and kangaroo meat being exported as beef.

Primary Industry Minister Mr Peter Nixon told parliament the Commission had been set up because "Australia's meat industry has been severely tarnished and it is imperative that its international reputation be cleared."

Its terms of reference would be announced later. He said it was necessary because of "the seriousness of the allegations that have been raised, particularly allegations that people in official positions had been involved in malpractice."

The announcement came on the day the first man arrested in connection with the scandal appeared in court.

Richard Vincent Hammond, 35, a meat exporter, was arrested on Monday by a special team of detectives and charged yesterday with 20 counts of forging official export documents and one of forging an official inspection stamp.

Australian meat exports were worth nearly A$1bn ($1.14bn) in the last financial year.

In addition to the Royal Commission, an independent consultant would be engaged to review new meat export controls.

Officials are examining allegations in a magazine that substituting horse and kangaroo meat was a long-established practice aided by bureaucratic inefficiency and possibly by corruption.

Mr Nixon said three boning rooms in Victoria state had been re-opened after health inspectors ensured they made new checks to prevent meat substitution.

Reuter

Irish farmers seek aid

IRISH FARMERS have demanded emergency action to halt a sharp slide in their incomes.

Figures published by Ireland's Agricultural Institute yesterday showed the average farming family earned only £2,950 in 1980—15 per cent down from 1979.

Mr Donal Cashman, president of the Irish Farmers' Association, called for the Dail (the Irish Parliament) to be recalled from recess to introduce emergency measures to aid farmers.

Gold market seats to cost £55,000

BY JOHN EDWARDS, COMMODITIES EDITOR

SEATS on the proposed London gold futures market will cost £55,000 each, according to details circulated to potential members. At the same time there will be a three-year moratorium on transferring seats and members will have to guarantee that a "floor" trader is assigned to the market on a full-time basis.

A letter sent to London bullion brokers and ring-dealing members of the London Metal Exchange confirms that the market will be housed in Plantation House by leasing from the London Commodity Exchange the premises originally intended for the arabica coffee market.

The lease starts from January 1 next year, so this is an obvious target starting date. At the same time the number of seats available is being increased to 38.

First refusal of the seats is being offered to the London bullion brokers and ring-dealing members of the Metal Exchange, who have jointly sponsored the launch of the new market. But even if they all accept, there will be seven extra seats available for outside members, including banks and commission houses. It is by no means certain that all ring-dealing members of the LME will want to join the planned gold market, in view of the heavy financial outlay involved.

The purpose of the moratorium on transferring seats and insistence on floor traders being present is to avoid the possibility of companies merely acquiring seats to sell on at a profit. Buyers of seats will, therefore, have to think hard before making any commitment, and assess whether they will attract sufficient business to cover the outlay and the cost of maintaining staff on the market floor.

Initial enthusiasm for the proposed market has already been diluted by the sponsors insisting that it should be a sterling, rather than dollar contract. There is also considerable discontent at the long delay in launching the market, which was originally scheduled to start trading on September 7 before it was suddenly decided to move away from the Metal Exchange into new premises where trading can go on all day with room for a larger membership.

It is understood that details of the contract have virtually all been settled. However slow progress is being made in negotiations to strengthen the financial structure of the International Commodities Clearing House possibly by the formation of a consortium of banks.

But some members argue that there is no reason why the gold market should be delayed any longer, bearing in mind that the gas oil futures contract has operated from April 6 with no problem.

U.S. options pilot scheme

BY NANCY DUNNE IN WASHINGTON

THE Commodities Futures Trading Commission was yesterday expected to send to Congress a three-year pilot options trading programme, which, if approved, could go into effect by next spring. Congress has 30 working days to review the plan.

Under the commission proposal options would be permitted on three categories of commodities, hard—including gold, silver, copper, platinum and paladium, soft, including sugar, coffee, cocoa and financial instruments. Options on agricultural products, grains and livestock are excluded from the test programme. Options on physicals are expected to be studied by the commission in the near future.

The go-ahead on the programme is seen in many quarters as a challenge to the Securities Exchange Commission, which is now disputing with the CFTC for jurisdiction over the sale of options on financial instruments. The chairmen of the two commissions have been meeting to resolve the dispute personally, but reportedly, they have made little headway. It is expected that the question will be settled by Congress next year.

The industry is pleased with the CFTC plan. Under the original proposal for a test programme options trading would have been limited to sugar, gold and interest rate futures. Now however the last has been Now however the list has been apparently be permitted to sell options on one contract, providing it has a designated futures contract underlying the option.

The commission has said the test programme will be expanded during the three years if everything seems to be proceeding well.

The industry is also pleased that the commission has produced a plan with proposed regulations similar to those covering futures contracts. Options futures will thus be less encumbered by regulations than security options. The CFTC, which has less money and manpower than the SEC plans to leave much of the policing to the exchanges and the proposed National Futures Assocation, a self-regulatory agency soon to come up for commission approval.

The sale of options, apart from dealer options, was banned in the U.S. in 1978 after a series of scandals concerning so-called London options. The CFTC imposed the ban when it decided that regulation would be too difficult and costly to administer effectively.

● President Reagan nominated as a commissioner of the Commodity Futures Trading Commission, Susan Meredith Phillips, an associate professor in the finance department of the University of Iowa. She would succeed Read P. Dunn, if confirmed by the Senate.

Coffee sales below quota

EXPORTING MEMBERS of the International Coffee Organisation failed by an estimated 30,000 bags (60 kilos each) to meet their sales quota to importing members during the 1980-81 season.

In an effort to buoy up the depressed world market the global quota was cut during the October-September season by 5.6m to 51.2m bags but the ICO estimated yesterday that actual exports to other members totalled only 51.17m bags.

In the 1979-80 season, when no quotas were in force, trade between ICO members amounted to 54.33m bags.

Exports to non-members in 1980-81 rose to 7.14m bags from 5.96m in 1979-80.

Brazil, the world's leading coffee exporter by far, has called at the ICO talks in London this week for a basic global quota of 55m bags to be set in the 1981-82 season.

In Kampala meanwhile, the Coffee Board said it had exported more than enough coffee to meet Uganda's quota for the 1980-81 season.

Virtually all Uganda's quota of 117,120 tonnes of coffee is exported through Kenya's Indian Ocean port of Mombasa.

Uganda will request an increase in its quota for next season at the London meeting, he said.

Cut in jute output sought

By P. C. Mahanti in Calcutta

THE INDIAN Jute Mills Association has proposed to the Government that the industry be allowed to cut output by 15 per cent to match output with demand.

The industry expects to produce 1.45m tonnes of jute goods during 1981-82, of which it hopes to be able to export 450,000 tonnes at most in spite of the export incentives available. The domestic market can at best absorb 900,000 tonnes.

This will mean a surplus of 100,000 tonnes which will necessarily go into unsold stocks next year taking the figures to an abnormally high level.

The industry has been producing to full capacity to keep the labour force fully employed

Grey seal cull permitted

THE GOVERNMENT is to allow a cull of 2,000 grey seal pups off the Scottish coast this season.

Mr George Younger, Secretary of State for Scotland, said yesterday that this decision had been reached after careful consideration of scientific advice which showed the grey seal population in the area had risen from 61,000 in 1979 to 65,000 in 1980. It was now widely accepted that the grey seal was not an endangered species, he said.

MARKET PROFILE: ZINC

Rising prices in spite of recession

BY ROY HODSON

THE PRICE of zinc on the London Metal Exchange has been roaring away this year from below £320 a tonne for cash metal in February to recent peaks of round £575. One leading broker is holding approximately half the LME's 87,000 tonnes warehouse stocks and appears happy and confident to maintain his position into the indefinite future.

Meanwhile the producer price of the metal has twice been increased in the past six months. The first increment of an additional $50 a tonne was applied in May to bring the price to $925 a tonne. Now zinc-using industries are absorbing a second rise up to $1,000 a tonne.

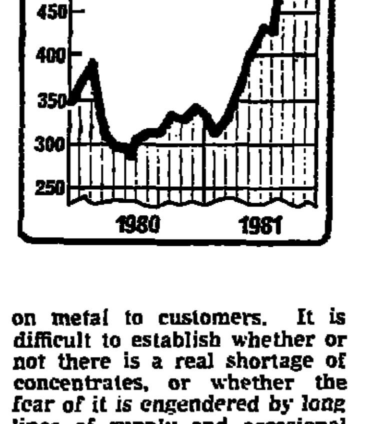
What is going on? That question can best be answered by first stating what is not going on. There is no consumer boom to fuel the market. Zinc production in the western world has been bedevilled by a series of strikes recently but it is catering for, at best, a static market.

In many industrial applications in the developed nations demand for zinc has actually declined because of the industrial recession. The only identifiable growth sector for zinc at the moment seems to be in the developing countries, where demand is boosted by the growing use of galvanised sheet and wire. The share of the principal developing areas (South East Asia and South America) of world zinc consumption has grown from 10 to 20 per cent in under 20 years.

Result

The rising price of zinc unaccompanied by any rise in overall demand is the direct result of producer problems, consumer uncertainties about supplies, positions being taken up by traders, and a certain amount of encouragement gained from the recent rise in metal prices generally.

Recurring fears about a shortage of zinc concentrates internationally have had a marked effect upon markets in recent months. While a proportion of the world's zinc is produced at smelters attached to mines, Europe depends to a large extent upon toll smelters which buy in concentrates and add a treatment charge before selling on metal to customers. It is difficult to establish whether or not there is a real shortage of concentrates, or whether the fear of it is engendered by long lines of supply and occasional disruption to mine production.



Last year Western world zinc metal production was 4.465m tonnes, which was slightly less than the consumption of 4.516m tonnes. But the recycling of zinc contained in brass and recovered as secondary metal plays such an important part in the total sum that there may not have been an actual deficit.

This year zinc stocks in the Western world have tended to fall slowly but steadily, which lends credence to the theory of a looming zinc shortage. But at most it can only be a temporary shortage because new mining capacity is being developed and there is already a glut of smelter capacity worldwide.

The Russians have been buying zinc concentrates for more than a year. That factor has played some part in hardening markets. Also, during 1981, strikes at mines in North America and Ireland have caused periodic frissons of nervousness to ripple through markets.

The strike at the Tara mine in Eire, which has been going on for two months, has proved particularly unsettling to European traders because Tara has recently been supplying up to 25 per cent of Europe's zinc concentrates needs.

The big LME buyer, a metals trading house which now holds an admitted 50 per cent of the LME zinc warehouse stock — and some observers believe rather more than that — began its buying programme 15 months ago. The decision was much influenced by study of the organised structure of the worldwide zinc industry which runs a well-manged market relatively untroubled by "rogue" producers prepared to sell at virtually any price.

That view that zinc is a controlled metal compared with many other metals clearly had a big influence in the company's investment programme through the LME.

The very size of the buying operation sucked other LME dealers along in its wake and almost caused a shortage of metal for trading. That was avoided by traders showing good sense.

The froth has been blown from the LME zinc price for the time being as all metal prices have declined from recent highs. But the London market is still definitely zinc-conscious and the price is now gradually rising again.

Tara strike

The concentrates supply position has been eased during the period of the Tara strike by the summer delivery of Icelandic concentrates. But that source is only open for three summer months of the year. If the Tara strike continues, some concern about concentrates supplies could well be reflected in higher zinc prices.

Zinc has been within £20 of the £600 a tonne level on the LME recently. Some traders are starting to speculate upon it going through £700 within the next year.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices were mixed on the London Meal Exchange. Copper moved up to £982 in initial trading owing to the fall in sterling. However, stop-loss selling on Comex prompted a sharp reversal during the afternoon when forward metal fell back to £967 before closing the late kerb at £971.5. Lead reflected good general buying and closed at £444.25, as did Zinc, £546.5. Aluminium was finally £672.5 and Nickel £3,260. Tin touched £8,430 in early trading but dropped back to close at £8,332.5.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	949-50	+14	939-40	+1
ф 3 mths	980-.7	+15.2	969.5-70	+1.5
Settlem't	950	+15	—	......
Cathodes				
Cash	948.9	+11.5	938-40	+.25
3 months	973-4	+13	964-.5	−1.75
Settlem't	949	+11.5	—	......
S. Prod	—		*82.5-9.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £948.5, 49.5. Higher Grade: Three months £974, 75, 75.5, 77, 79, 78.5, 79, 78.5, 79.5, 80. Standard: Cathodes: Three months £974. Kerb: Wirebars: Higher Grade: Three months £982, 81.5, 82. Afternoon: Wirebars: Higher Grade: Three months £972, 71, 70, 69, 68, 67, 68, 69, 70, 70.5, 71, 70, 69.5, 70, 71, 70, 69.5, 70. Standard Cathodes: Three months £964. Kerb: Wirebars: Higher Grade: Three months £971, 70.5, 71, 71.5. Turnover: 33,575 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	443-.5	+5.75	438.5-9.5	+8.5
3 months	447-.5	+12	443-.5	+7.5
Settlem't	443.5	+13.5		......
U.S. Spot	—		*42-4	......

Lead—Morning: Cash £443, 43.5; three months £443, 44, 44.5, 44, 46, 47, 46.5, 47, 47.5, 47.75. Kerb: Three months £447, 47.5. Afternoon: Three months £448, 47, 47.5, 44, 43, 43.5, 44, 43.5. Kerb: Three months £444, 43. Turnover: 14,125 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	8180-5	+22.5	8135-45	......
3 months	8370-80	+30	8335-40	+2.5
Settlem't	8185	+15	—	......
Standard				
Cash	8180-5	+22.5	8135-45	......
3 months	8370-80	+30	8335-40	+2.5
Settlem't	8185	+15	—	......
Straits E.	†835, 28	+0.08	—	......
New York	—	......		

Tin—Morning: Standard: Cash £8,180; three months £8,345. Kerb: Standard: Three months £8,370, 60, 50, 55. Afternoon: Standard: Three months £8,340, 30, 20, 30, 40. Kerb: Standard: Three months £8,330. Turnover: 1,195 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
	£	£	£	£
Cash	534-5	+11	532.5-3.5	+10
3 months	547.5-8	+10.2	546-.5	+9.5
'ment	535	+11	—	......
Primw'ts	—	—	*49.75-50	......

Zinc—Morning: Three months £544, 45, 44.5, 44, 45, 46.5, 47, 48, 47, 47.5. Kerb: Three months £547, 46.5. Afternoon: Three months £546, 45, 45.5, 45, 44.5, 43, 43.5, 44, 45, 46, 45.5, 46, 46.5. Kerb: Three months £546, 47, 46. Turnover: 13,900 tonnes.

Aluminm	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
	£	£	£	£
Spot	647-9	+1.5	648-9	+2
3 months	672-3	+1.75	672.5-3	+2.5

Aluminium—Morning: Three months £672, 74, 73, 72, 71, 71.5. Kerb: Three months £672. Afternoon: Three months £670, 71, 72, 72.5. Kerb: Three months £673, 74, 73. Turnover: 8,425 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
Spot	3190-200	+47.5	3185-90	+42.5
3 months	3258-65	+49	3255-60	+45

Nickel—Morning: Cash £3,175, 80, 85, 95; three months £3,250, 45, 55, 60, 70, 65, 55, 60. Kerb: Three months £3,260. Afternoon: Three months £3,260. Turnover: 1,082 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ● High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 13.6p an ounce higher for spot delivery in the London bullion market yesterday at 555.1p. U.S. equivalents of the fixing levels were: spot $10.028, up 17.8c; three-month $10.454, up 19.1c; six-month $10.895, up 19.5c; and 12-month $11.691, up 18c. The metal opened at 547-552p ($9.77-9.97) and closed at 561-566p ($10.10-10.20).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	555.10p	+13.6	565p	+22.5
3 months	571.90p	+14.2	582.75p	+25.1
6 months	590.40p	+14.2	—	......
12 months	623.90p	+14.2	—	......

LME—Turnover 142 (103) lots of 10,000 ozs. Morning: Three months 575, 74, 73, 72.5, 73, 72.5. Kerb: Three months 572.5, 73, 72.5. Afternoon: Three months 583, 82, 82.5. Kerb: Three months 583, 84, 85, 89, 88.

COCOA

A steady opening saw higher prices which were maintained to the close. The pattern on physicals was a little more promising. Although producers were still withdrawn consumers showed interest for nearby positions but were generally still holding off on forward trading, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or −	Business Done
Sept	1230-33	+8.5	1237-30
Dec	1289-90	+9.5	1221-84
March	1309-10	+11.0	1310-03
May	1318-19	+12.0	1318-04
July	1324-26	+12.5	1323-17
Sept	1331-32	+12.5	1330-24
Dec	1335-40	+7.5	1340-38

Sales: 1,897 (1,128) lots of 10 tonnes.

ICCO—Daily price for Sept 5: unquoted: Indicator price for Sept 8: unquoted.

COFFEE

London opened slightly steadier against weaker sterling, reports Drexel Burnham Lambert. Values eased and a better than expected 'C' opening had no influence. Profit-taking and small arbitrage dealing raised values at the close.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	894-95	−2.0	906-93
Nov	922-24	−3.0	935-18
Jan	931-35	−3.0	944-30
March	940-50	+1.0	952-35
May	950-60	+1.0	956-47
July	960-62	−2.5	964-55
Sept	962-68	−10.5	965

Sales: 2,742 (1,447) lots of 5 tonnes.

ICO Indicator prices for Sept 5: (U.S. cents per pound): Comp. Daily unquoted: 20-day average unquoted.

WOOL FUTURES

SYDNEY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 495.1, 496.0, 496.0-495.0; Dec 505.0, 505.5, 506.0-505.5; March 516.0, 518.0, 518.0-515.0; May 524.0, 526.0, 524.0-523.5; July 531.5, 533.5, untraded; Oct 529.0, 528.5, 528.0; Dec 532.0, 535.0, untraded; March 535.0, 538.0, 536.0. Sales: 52.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Oct 391 buyer, 393; Dec 394, 396, 395; Jan 394, 397, 398-395; March 405, 407, 408-406; May 415, 417, 418-416; Aug 426, 428, 430-427; Oct 429, 432, 432-431; Dec 433, 434, 434; Jan 436, 438, 436-435; March 441, 444, 443-442. Sales: 91.

GAS OIL FUTURES

After a weaker opening reflecting Saudi price fears, the market rallied on steady commission house buying and then went on to trade quietly towards the top of the range on a firmer physical price, reports Premier Man.

Month	Yesterdys close	+ or −	Business Done
	$ U.S. per tonne		
September	297.25	+1.00	298.00-96.00
October	300.50	+1.25	301.50-98.25
November	304.50	+1.80	305.50-03.00
December	308.00	+1.50	308.25-05.50
January	311.00	+1.75	311.50-08.50
February	312.50	−0.75	312.50-12.50
March	316.50	+1.25	—
April	318.50	+1.25	—
May	320.75	+0.25	—

Turnover: 470 (480) lots of 100 tonnes.

GRAINS

[illegible] mixed on barley. Continued shipper trade on November and May barley dominated the morning. Nov/Jan barley spread also saw good trade while wheat volumes were dominated by Nov and Jan, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterday's close	+ or −
Sep	106.20	+0.30	99.00	+0.30
Nov	109.05	+0.25	101.80	+0.30
Jan	113.00	+0.30	105.75	+0.25
Mar	116.60	+0.25	109.40	+0.35
May	120.25	+0.30	112.80	+0.15
July	123.70	+0.30	—	—

Business done—Wheat: Sept 106.20-105.10, Nov 109.15-109.00, Jan 113.00-12.95, March 116.65-116.60. May no trades, July no trades. Sales: 117 lots of 100 tonnes. Barley: Sept 99.00-98.90, Nov 101.80-101.50, Jan 105.85-705.65, March 109.40-109.20, May 112.90-112.65. Sales: 309 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Oct 114.10, Oct/Nov 114.95, Nov 116.35 transhipment East Coast. English Feed fob Sept 108.50 East Coast seller. 76 kilo weight Oct 112.25 paid East Coast. Maize: French, Sept 126.50 transhipment East Coast. S. African Yellow, Sept 91.50 seller. Barley: English Feed fob Sept 103 paid East Coast, Scotland, Oct/Dec 106 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: S East 104.00, S West 113.75, W Mids 104.00. Feed barley: S East 99.00, S West 95.00, W Mids 96.00, N West 95.00. The UK Monetary Coefficient for the week beginning Monday September 14 (based on HGCA calculations using five day's exchange rates) is expected to change to 0.926.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing dull. Lewis and Peat reported a fob Sept price for No. 1 RSS in Kuala Lumpur of 253.5 (257.5) cents a kg and SMR 20 203.0 (205.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	58.60-58.70	58.80-58.90	58.80
Nov	58.50-58.60	58.60-58.70	—
Oct-Dec	58.50-59.50	58.60-59.70	59.80-58.50
Jan-Mar	62.50-62.60	62.00-62.10	62.20-62.50
Apl-Jne	65.80-65.90	65.90-66.10	66.10-65.80
Jly-Sept	68.90-69.00	69.10-69.20	69.20-69.00
Oct-Dec	72.20-72.30	72.30-72.40	72.70-72.50
Jan-Mar	75.40-75.50	75.60-75.70	76.10-75.40
Apl-Jne	78.50-78.70	78.80-79.00	78.90

Sales: 152 (188) lots of 15 tonnes; 1 (1) lot of 5 tonnes. Physical closing prices (buyers) were: Spot 57.50p (58.00p); Oct 56.00p (58.25p); Nov 57.00p (57.25p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 20 tonnes. Lack of enterprise continued to pervade the market and dealings were scarce. Inquiry was restricted to specialist requirements, and only occasional supplies of African qualities were sought.

SOYABEAN MEAL

The market opened higher on weaker sterling, reports T. G. Roddick, and remained in a narrow trading range.

	Yesterdys Close	+ or −	Business Done
	£ per tonne	—	
October	153.00-53.4	−0.10	153.80-53.40
December	154.00-54.5	+0.45	154.50-54.00
February	156.20-58.4	+0.35	156.00
April	158.00-58.5	−0.25	—
June	158.50-42.0	+0.25	—
August	158.50-45.0	—	—
October	158.50-47.0	+0.25	—

Sales: 57 (51) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £157.00 (£153.00) a tonne if Sept-Oct shipments. White sugar daily price £154.00 (£150.00).

The weakness of sterling lifted prices during the morning but New York quotations were disappointing and the gains were lost, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	155.25-55.45	157.50-57.75	158.50-55.55
Jan	157.75-58.40	159.00-59.50	158.50
March	164.50-64.70	164.80-65.00	167.50-63.75
May	168.75-69.00	169.50-69.75	171.50-68.90
Aug	175.25-75.30	175.00-74.00	175.50-72.50
Oct	176.25-76.50	176.00-76.75	178.00
Jan	177.25-79.00	175.50-81.00	—

Sales: 4,745 (3,043) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne fob for home trade and £263.0 (£260.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 5: Daily price unquoted: 15-day average unquoted.

POTATOES

LONDON POTATO FUTURES—April fell through the chart level at £118.00 in early dealings, triggering stop loss selling to £116.00. Nov fell a little but was supported to some extent by physical market prices, reports Coley and Harper. Closing prices: Nov 82.70, −0.80 (high, 83.50, low 82.20): Feb 100.30, −3.20 (high 102.00, low 100.00): April 116.40, −2.80 (high 118.60, low 116.00). Turnover: 747 (312) lots of 40 tonnes.

MEAT/VEGETABLES

MEAT COMMISSION—Average Fatstock prices at representative markets on September 8 GB—Cattle 87.87p per kg lw (−0.15). UK—Sheep 135.03p per kg est dcw (+12.39). GB—Pigs 6.32p per kg lw (+0.41).

SMITHFIELD—Pence per pound. Beef: Scotish killed sides 73.0 to 77.5; Ulster hindquarters 88.0 to 92.2, forequarters 53.2 to 54.5. Lamb: English small 60.0 to 64.0, medium 56.0 to 60.0; Imported frozen: New Zealand PL 59.0 to 59.0, PM 57.0 to 58.0, YL's 57.0 to 58.0. Pork: English, under 100 lb 40.2 to 50.3, 100-120 lb 42.5 to 48.8, 120-160 lb 40.0 to 48.0.

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.30, 56 6.20, 72 6.25, 88 5.55, 112 5.00, 138 4.95, 150 4.60; Argentine: 64/88 6.50-6.80; Brazilian: 113/64 4.60-5.20. Lemons—Spania: Boxes 6.00-9.00, trays 25/50 2.60-3.60; Outspan: 80/195 5.50-10.00; Chilean: 80/160 8.00-10.50. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Argentine: All sizes, Ruby 36/40 7.50. Apples—U.S.: Red Delicious 10.00-10.50; French: New crop, Golden Delicious 20 lb 3.30-3.50, 40 lb 6.00-6.40, Stark Crimson 40 lb 7.80-8.30, Granny Smith 8.00. Pears—French: Per 28 lb Williams 3.50, Alexandrine 3.00; Italian: Per pound 0.14-0.20; Spanish: Per pound 0.14-0.19. Nectarines—Italian: Large trays A/C 4.50-5.50. Plums—Italian: 20 lb Stanley 4.00-4.50, President 4.80-5.00, Giant 4.50; Hungarian: Switzens 2.60; U.S.: 28 lb, per pound 0.45. Greengages—French: 9 kg 3.80; Spanish: 11 lb 2.50-3.00. Strawberries—U.S.: 12-oz punnets 1.20. Grapes—Cyprus: 11 lb Alphonse Lavallee 2.80-3.00, Rozaki 3.30; Spanish: Alphonse Lavallee 2.00-2.40; French: Alphonse Lavallee 13 lb 2.60-2.80; Italian: Regina 2.00-2.40; Alphonse Lavallee 4.00, Italia 2.60-3.50. Melons—Spanish: 10 kg yellow 2.20-3.20. Watermelons—Hungarian: 13 kg 3.00-3.50; Italian: 17 kg 5.00-5.50; Greek: 4.00-5.00; Spanish: 3.00-3.50. Peaches—Italian: Large trays A/C 2.60-3.20; French: A/C 2.20-3.00. Pineapples—Ivory Coast: Each 0.40-1.10. Bananas—Colombian: Per pound 0.19. Avocados—Kenyan: 5.20-5.80; U.S.: 20's 6.50; S. African: By air 4.00-5.00. Onions—Spanish: Grano 3/5 3.20-3.30. Capsicums—Dutch: 5 kg red 4.00, green 3.80, yellow 6.00. Aubergines—Dutch: 5 lb 5.20. Cabbages—Dutch: White 3.00-3.50, red 3.00-3.50. Tomatoes—Dutch: 3.00. Chillies—Dutch: 3 kg 3.20. Artichokes—French: Globe 24's 4.40.

English Produce: Potatoes—Per 55 lb whites 2.20-2.60, red 2.40-2.70, King Edwards 2.60-3.20, jacket 3.50. Mushrooms—Per pound open 0.40-0.50, closed 0.60-0.70. Apples—Per pound Bramley 0.10-0.16, Grenadier 0.06-0.09, Lord Derby 0.09-0.12, Howgate 0.10-0.12, Discovery 0.14-0.24, Miller's Seedling 0.08-0.14, Worcester Tydeman 0.12-0.24. Pears—Per pound, Dr Jules Guyot 0.08-0.10, Williams 0.10-0.12. Cauliflowers—Per 12 Lincoln 1.80-2.40. Cabbages—Per bag Primo 30 lb 1.20-1.50. Lettuce—Per 12 round 1.00-1.20, Cos 10/12 1.80-2.00, Webb's 1.60-1.80. Tomatoes—Per 12 lb D 3.00, E 2.80-3.00. Radishes—Per pack of 12 x 8 oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55 lb 40/60mm 2.50-3.00. Celery—Per 18/28, winter crop 3.80-4.00. Cucumbers—Per 10/20 1.40-2.00. Carrots—Per 28/28 lb 0.80-1.20. Strawberries—Per ½ lb 0.25-0.50. Raspberries—Per ½ lb 0.60-0.80. Plums—Per pound, 12 lb Victoria 0.25-0.30, per 12 lb Damson 2.40, Bush 2.00-2.20, Giant 2.20-2.40, Pond's 2.40-3.00, Majorie's 3.00-3.60. Beetroots—Per 28 lb 1.20-1.50. Marrows—Per box 0.80-1.00. Fennel—Per 10 lb 3.00. Parsnips—Per 28 lb 2.00-2.40. Stick Beans—Per pound 0.10-0.18. Swedes—Per net 1.30-1.40. Leeks—Per 10 lb 2.00.

*

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£5.60, codlings £2.20-£3.50; medium haddock £3.20-£3.70; large plaice £4.00-£5.20, medium £3.80-£5.00, best small £3.20-£4.20; skinned dogfish (large) £7.00, (medium) £5.00; lemon soles (large) £10.30, (medium) £9.00; saithe £2.40-£2.90.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 8 1981	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1200/1250	......	$1180/210
Copper			
Cash w'bar	£939.5	+1	£1004.5
3 mths	£969.75	+1.5	£1034.75
Cash Cathode	£939	+0.25	£1003
3 mths	£964.25	+1.75	£1026.5
Gold troy oz	$438.5	+1.5	$405.5
Lead Cash	£439	+8.5	£495.5
3 mths	£443.25	+7.5	£494.5
Nickel	£4106.25	......	£4,087.5
Free mkt	270/290c	......	275/295c
Platin'm tr'y oz	£260	......	£260
Freemkt	£242.35	+3.2	£228.35
Quicksilver	$425/430	......	$425/435
Silver troy oz	555.10p	+13.6	483.10p
3 mths	571.90p	+14.2	499.35p
Tin Cash	£8140	......	£7925
3 mths	£8337.5	+2.5	£7945
Tungsten 22.0 lb	$146.34	......	$144.57
Wolfrm 22.04lbs	$144/148	......	$148/150
Zinc Cash	£533	+10	£553.5
3 mths	£546.25	+9.5	£566.5
Producers	$925/1000	......	$925/1000
Oils			
Coconut (Phil)	$560w	−15.5	$575
Groundnut	‡	......	‡
Linseed Crude	£432	......	‡
Palm Malayan	$525z	+5	$537.5
Seeds			
Copra Philip	$365	+10	$365
Soyabean (U.S.)	‡	......	$300.5
Grains			
Barley Fut. Nov	£101.80	+0.3	£101.60
Maize	£126.50	......	£125.5
Wheat Fut. Nov	£109.05	+0.25	£110.10
No2 Hard Wint	‡	......	£132.75
Other commodities			
Cocoa ship't*	£1,400	+9	£1,298
Future Dec.	£1289.5	+9.5	£1,291.5
Coffee Ft' Nov.	£923	−3	£1006
Cotton A.Index	77.45c	−0.35	82.60c
Gas Oil Oct.	$300.5	+1.25	$299
Rubber (kilo)	57.5p	−0.5	64p
Sugar (Raw)	£157w	+4	£223
Woolt'ps 64s kl	391p kilo	......	398p kilo

‡ Unquoted. z Oct. w Sept-Oct. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Sept 8.

PRECIOUS METALS and copper declined after general selling by commission houses was triggered by upward pressures on interest rates. Cocoa, coffee and sugar came under good pressure from arbitrage selling as sterling collapsed. Grains and soyabean selling and losses were prompted by a bearish private crop estimate. Heating oil was sharply lower on Saudi statements of anticipating lower petroleum prices ahead. Cotton prices made new lows on general selling, reported Heinold.

Copper—Sept 74.85 (77.20), Oct 75.65 (78.05), Nov 77.05, Dec 78.35-78.45, Jan 79.65, March 82.00-82.20, May 84.20-84.30, July 86.50, Sept 88.70, Dec 92.00, Jan 93.10, March 95.30, May 97.50, July 99.70. Sales: 6,000.

Potatoes (round whites)—Nov 74.0-74.1 (75.1), Feb 83.0-84.0 (84.5), March 88.5, April 103.6-103.7.

¶Silver—Sept 1008.0 (1000.0), Oct 1018.5 (1014.0), Nov 1033.5, Dec 1046.0-1051.0, Jan 1064.2, March 1085.0-1096.0, May 1130.0, July 1153.5, Sept 1183.0, Dec 1227.0, Jaan 1241.5, March 1270.5, May 1299.5, July 1328.5. Handy anad Harman bullion spot: 1027.00 (991.00).

Sugar — No. 11: Oct 10.98-11.00 (11.16), Jan 11.40 (11.55), March 12.01-12.04, May 12.38-12.40, July 12.75-12.76, Sept 12.95-12.96, Oct 13.10. Sales: 8,480.

Tin—672.00-680.00 (682.00-694.00).

CHICAGO, Sept 8.

Lard—Chicago loose 22.50.

Live Cattle—Oct 67.70-67.90 (67.15), Dec 67.80-67.95 (67.40), Feb 65.67-65.80, April 65.70-65.85, June 66.55, Aug 66.40, Oct 65.75.

Live Hogs—Oct 51.45-51.35 (51.27), Dec 53.40-53.55 (53.20), Feb 53.95-53.85, April 50.85, June 52.95, July 53.42, Aug 51.80, Oct 50.90, Dec 54.05.

‡‡Maize—Sept 285-285¾ (291½), Dec 296½-297½ (303¾), March 314¼-314½, May 325½-326, July 332½-333, Sept 337¾.

Pork Bellies—Feb 70.20-70.35 (68.50), March 70.10-69.95 (68.25), May 70.80, July 71.10, Aug 70.30.

†Soyabeans—Sept 662½-663½ (672½), Nov 666-667 (677¼), Jan 684½, March 705½-708½, May 725½, July 742-742½, Aug 746.

‖Soyabean Meal — Sept 187.3-187.5 (190.0), Oct 187.5-187.8 (189.7), Dec 192.5-192.8, Jan 196.0-196.2, March 202.5-202.0, May 207.0, July 212.0-212.5, Aug 214.0-213.5, Sept 215.0-216.0.

Soyabeaan Oil — Sept 20.80-20.83 (21.25), Oct 21.10-21.15 (21.57), Dec 21.97-22.00, Jan 22.40, March 23.15-23.18, May 23.80, July 24.40-24.35, Aug 24.30, Sept 24.25-24.35.

†Wheat—Sept 391-391½ (395½), Dec 419½-420½ (424½), March 442-443, May 443½, July 449½-450½, Sept 460.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

WINNIPEG, Sept 8

§Barley—Oct 127.50-127.80 (130.00), Dec 122.20 (124.20), March 126.20, May 129.90, July 132.50.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 239.95.

*Platinum—Sept 429.2 (443.2), Oct 433.5-435.0 (439.4), Nov nil, Jan 448.5, April 466.3, July 483.0, Oct 500.0.

*Gold—Sept 432.0 (437.2), Oct 434.7-438.5 (442.0), Nov 442.0, Dec 447.5-449.3, Feb 460.0-461.1, April 473.9, June 486.7, Aug 499.5, Oct 512.5, Dec 525.6, Feb 538.9, April 552.3, June 565.9.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, Sept 8.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent, Oct 200, Nov 204, Dec 207, Jan 214, Feb 216, March 218. U.S. No. 2 Red Winter Sept 174, Oct 181.50. U.S. No. 3 Amber Durum Sept 191, Oct 194, Nov 200, Dec 208. U.S. No. 2 Northern Spring, 14 per cent, Sept 192, Oct 191.50, Nov 195.50, Dec 203.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow afloat 142, Sept 137.75, Oct 137, Nov 137.50, Dec 141, Jan/March 148, April/June 153.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Sept 276, Oct 267, Nov 266, Dec 272, Jan 276, Feb 283, March 287, April 292, May 295 sellers tradeless.

Soyameal—(U.S. $ per tonne): U.S. afloat 244, Sept 235, Oct/Nov 234, Dec 239, Nov/March 244. Brazil Pellets afloat 247, Sept 244, Oct 245, Nov 251, Dec 254, Nov/March 263.

PARIS, Sept. 8.

Cocoa—(FFr per 100 kilos): Sept. 1250/1289, Dec 1340/1375, March 1375/1390, May 1395/1405, July 1400 bid, Sept. 1448/1458, Dec 1465/1480. Sales at call: nil.

INDICES

FINANCIAL TIMES

Sept. 7	Sept. 4	Month ago	Year ago
260.26	258.59	274.25	260.47

(Base: July 1, 1952=100).

MOODY'S

Sep. 4	Sept. 3	Month ago	Year ago
1025.9	1036.7	1070.6	1251.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Sep. 4	Sept. 3	Month ago	Year ago
Spot	349.95	352.52	382.01	445.37
Fut'rs	368.52	370.73	389.04	468.15

(Average 1924-25-26=100)

REUTERS

Sep. 8	Sep. 7	M'nth ago	Year ago
1661.8	1654.0	1762.7	1743.2

(Base: September 18, 1931=100)

EEC sugar

SAN PEDRO SULA, Honduras —The EEC was masterminding the collapse of world sugar prices by its alleged dumping of subsidised sugar, Mr Jesus Gonzalez, head of the Ibero-American and Philippine Sugar Producers Confederation, claimed here yesterday.

In spite of estimates of a world shortfall of about 3m tonnes for 1980-81, prices have not picked up because of speculative manoeuvres and massive sales at subsidised prices of EEC beet sugar, he said.

LONDON STOCK EXCHANGE

Equity leaders steady after previous two-day slide
Defence stocks volatile in above-average trade

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

Important pointers such as the July banking statistics and wholesale prices indices, both of which were none too favourable for London stock markets, made scant impression on sentiment yesterday. Despite continuing fund-raising possibilities, leading shares were steadied by the Wall Street holiday and even **Bowater**, *the recent number one* choice for a rights issue, rallied awaiting today's interim statement.

The lengthy list of companies reporting trading announcements resulted in a selective business, *some from* institutional sources. Defence stocks claimed above-average attention, reacting at first on adverse comment and recovering following the announcement that GEC's Marconi subsidiary had been *conditionally awarded* the heavy torpedo contract in the face of U.S. competition.

Several industry leaders performed erratically in front of imminent *trading results, while* **Reckitt and Colman**, which reported half-yearly profits close to best *estimates*, fell back as recently built-up bull positions were liquidated. Throughout the official trading session, most leaders laboured to *improve* but in the after-hours' trade many went ahead despite Wall Street's renewed dullness at yesterday's opening. The FT Industrial Ordinary share index which had struggled to hold a gain of around a point at all six earlier calculations, captured the late *trend with a closing rise of* 3.4 at 551.3.

Yesterday's fresh pressure on sterling put Gilt-edged operators on the defensive and both the shorts and longs were soon showing falls ranging to ¼. Bear-covering after the July banking figures halved the losses and, later still, a report that U.S. Budget cuts could be announced early next week gave longer maturities cause to rally further to regain the overnight positions. Selected shorts, however, retained fractional losses.

Demand for Traded options improved and 1,127 deals were arranged—969 calls and 158 puts. Mining issues came to the fore and **Consolidated Gold Fields** recorded *249 calls with the* January 550's and October 500's accounting for 101 and 113 trades respectively. **RTZ** were dealt 131 times for the call in front of next Wednesday's interim figures.

Standard improve

In Banks, **Standard Chartered** rose 20 to 660p in response to the increased interim profits and dividend, but **Royal Bank of Scotland** shed 2 for a two-day fall of 12 to 176p on confirmation that the Monopolies Commission *investigation* into the proposed rival bids for the company by Standard Chartered and Hongkong and Shanghai had been extended to January 31. Among Hire Purchases, **Provident Financial** hardened a penny *to 120p following* the half-yearly results.

London United, in Insurances, rose 5 to 215p on the increased interim profits.

Certain leading Buildings encountered fresh offerings, but *the appearance of* a few cheap buyers at the lower levels left some quotations above the worst. **BPB Industries** slipped to 284p before settling a net 6 off at 286p. **Costain** softened 3 to 235p after reporting interim profits in line with *market estimates*. Elsewhere, **Phoenix Timber** revived and added 4 to 120p, while **MDW** put on 3 to 97p. Still responding to news that Espley-Tyas had increased its stake in the company to 18.15 per cent, ***Thomas Warrington*** *gained 4 to* a 1981 peak of 88p.

ICI fluctuated between 260p and 264p before reverting to the *overnight level of 262p*. Among other Chemicals, **Ellis and Everard** touched 128p before closing a net 2 up at 126p following the chairman's confident annual statement.

Rowland Gaunt spurt

Leading Stores made modest headway in subdued trading; **Marks and Spencer**, 135p, and **British Home**, 142p, both added 2 while **House of Fraser** attracted support awaiting today's mid-term statement and closed 6 to the good at 183p. *Ladies-wear manufacturers* **Rowland Gaunt** spurted 41 to 63p, after 70p, on speculative buying in an exceptionally narrow market following the partial offer from Queensway Securities. **James Beattie "A"** added 4 to *142p, the lower first-half* results proving no worse than expected. Renewed profit-taking clipped 5 and 7 respectively from **Cornell Dresses**, 178p, and **Polly Peck**, 323p, and support was also lacking for **Austin Reed "A,"** 6 *cheaper at 72p*.

Adverse Press mention *prompted initial* dullness in Defence stocks, but most quotations rallied in the course of an active two-way business. Helped by the Government opting in favour of the British heavy torpedo manufactured by subsidiary Marconi in preference to the U.S. weapon, **GEC** rallied smartly from 760p to 780p before settling at 773p for a net gain of 5. A report that the U.S. had shown interest in the Searchwater anti-submarine radar *prompted an early improvement* to 463p in **Thorn EMI** but a subsequent reaction left the quotation only 2 firmer on balance at 458p. **Plessey**, on the other hand, weakened to 360p before rallying to 366p and falling back again *to finish 7 off on the day at 361p*, while **Racal** ended similarly cheaper at 455p. **United Scientific** fell 19 to 499p and **Ferranti** 12 to 573p.

Interest in the Engineering market remained at a low level, but leading issues trended firmer in the late dealings with **GKN**, 175p, and **Tubes**, 144p, ending 5 and 4 higher respectively. Of *the occasional movements* elsewhere, the satisfactory half-yearly statement prompted a gain of 4 to 86p in **Midland Industries**, while the interim figures from **IMI**, which were much in line with most expectations, *left the quotation* 3½ higher at 63½p. **Ayrshire Metal** fell 3 to 43p on the half-year loss and the passing of the interim dividend. **Davy Corporation** gave up 4 to 188p awaiting tomorrow's expected report from *the Monopolies Commission on* the Enserch bid.

Linfood became a firm feature in Foods, rising 9 to 152p as bid rumours revived. **Nurdin and Peacock** eased a couple of pence to 144p despite the increased interim profits and the board's confident statement.

Among Hotels and Caterers, **Trusthouse Forte** improved 2 to 123p with the new nil-paid shares firming 3 to 13p premium.

Reckitt and Colman

Partly reflecting the liquidation of bull positions, **Reckitt and Colman** encountered selling after the interim figures and reacted to 280p before settling 16 down *on* balance at 282p. Other leading miscellaneous industrials ended the day on a slightly firmer bias. **Bowater** became a steadier market at 255p, up 5, *after recent dullness* on fears that a rights issue may be announced with today's half-yearly figures. **Pilkington** rallied 7 to 325p, while **Turner and Newall** firmed 4 to 92p ahead of tomorrow's interim statement.

Vinten, a thin market, weakened 12 to 346p, but renewed speculative demand left **Maurice James** 4 to the good at 27p, after 28p. **Pentos** rallied *3 to 18p, the half-year loss being* outweighed by the chairman's encouraging statement on the outlook. **Petrocon** responded to the recovery in half-yearly profits and the return to the interim dividend list with a rise of 4 *to 56p*. **Barget**, *on the other* hand, fell 15 to 185p in a limited market, while nervous offerings in front of today's interim results left **Lead Industries** 6 cheaper at 170p. Cleaning issues met scattered selling, **Sketchley** *reacting 5 to 274p*.

Motor sectors trended firmer. **Brown Brothers** added 1½ more to 25½p, a fraction below the projected offer from parent company Dana Corporation. Distributors were aided by *encouraging August registration* figures. **T. C. Harrisons** added 3 to 79p, while **H. and J. Quick** improved 5 to 49p. **Dorada** eased a penny to 31p following the passed *interim* dividend and first half deficit.

The full-year loss and omitted dividend — announced late on Monday — prompted renewed weakness in wallpaper *manufacturers* **Melody Mills** which fell 8 *more to* 20p. Elsewhere, **Bemrose**, interim results expected next Wednesday, gave up 3 to 49p, while advertisers **Saatchi and Saatchi** came on offer and lost *6 to 327p*.

Among the isolated movements *in* Properties, **Centrovincial Estates** added 5 for a two-day gain of 8 to 208p on takeover hopes. **Law Land** hardened a penny to 121p and **Churchbury Estates** 5 to 725p; the latter now controls 82.52 per cent of Law Land's equity.

Oils subdued

Oil shares remained subdued but, after trading on a slightly easier trend for most of the session, quotations picked up to *end with little alteration* on balance.

Among Shippings, **Walter Runciman** fell 12 to 125p following the announcement of a £1.22m placing by the company.

Textiles held close to the over*night positions*. Dealings in **Caird (Dundee)** were suspended at 13p awaiting a statement; the company is involved in talks with an unnamed party which could *result in* an offer.

Australian gains

A clutch of good trading results *from* "Down-Under" industrials coupled with a potentially significant oil and gas discovery by Western Mining in the Canning Basin of Western Australia gave Australian mining and oil and gas shares a welcome *boost*.

News that hydrocarbons have been encountered over 172 metres in the Acacia No. 1 well prompted aggressive buying of **Western Mining**, which touched 317p before settling a net 24 higher at 315p.

Other Canning *Basin* oil explorers registered *sympathetic* gains led by the participants in the recent Blina 1 oil find. **Petroleum Securities Australia**, which acquired half of *Vamgas'* 20 per cent interest in the well, *advanced 50 to 315p*, while **Vamgas** rose 37 to 737p.

Among the smaller exploration issues, **Eagle Corporation** and **Australian Consolidated Minerals** improved 4 apiece *to the common price* of 34p while **Swan Resources** gained 10 to 70p. **Oil Company of Australia** put on a like amount to 25p.

The leading oil stocks showed **Woodside Petroleum** 3 up at 95p, **Santos** 10 better *at 345p* and **Moonie Oil** 13 stronger at 200p.

Base-metal issues staged a good rally, notably **CRA**, 8 firmer at 236p, and **MIM Holdings**, 6 better at 250p. **Hampton Areas** gained 15 to 190p.

South African Golds recovered after an uncertain start. Nervousness over the situations in Poland and Angola prompted persistent light buying interest after an initial mark-down, and share prices made good progress to close at the day's best.

The Gold Mines index rose a further 3.4 to 388.4, while the bullion price was finally $1.50 up at $438.50 an ounce.

Financials also improved. In the South Africans, "**Amgold**" featured, adding £1½ to £47¼, while "**Johnnies**" edged up ½ to £40. London Financials rallied well *after the recent decline*. **Gold Fields** closed 12 ahead at 532p, **Rio Tinto-Zinc** 10 up at 540p.

FINANCIAL TIMES STOCK INDICES

	Sept. 8	Sept. 7	Sept. 4	Sept. 3	Sept. 2	Sept. 1	A Year ago
Government Secs	63.88	63.90	64.15	64.49	64.48	64.12	71.04
Fixed Interest	65.79	65.80	65.64	65.90	65.76	65.88	70.83
Industrial Ord	551.3	547.9	554.9	558.0	568.5	558.0	503.9
Gold Mines	388.4	385.0	381.9	390.1	386.1	383.5	454.5
Ord. Div. Yield	5.46	5.48	5.40	5.29	5.28	5.29	7.26
Earnings, Yld. % (full)	9.83	9.75	9.02	9.22	9.20	9.31	17.18
P/E Ratio (net) (*)	12.86	13.05	14.79	14.27	14.29	14.28	7.08
Total bargains	16,556	16,269	15,628	15,036	16,258	16,270	21,781
Equity turnover £m.	—	174.55	121.60	110.61	111.40	91.52	129.25
Equity bargains	—	11,912	12,090	11,937	12,236	11,734	16,784

10 am 548.9. 11 am 548.8. Noon 548.0. 1 pm 548.6. 2 pm 548.4. 3 pm 549.3.

Latest Index 01-246 8026.

Nil = 11.53.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity, 1974.

HIGHS AND LOWS — S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	63.12 (21/7)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	72.01 (20/5)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

	Sept. 7	Sept. 4
—Daily		
Gilt Edged Bargains	183.7	133.8
Equities Bargains	77.2	78.3
Value	353.0	245.8
5-day Avrge.		
Gilt-Edged Bargains	143.4	139.6
Equities Bargains	77.6	77.8
Value	246.5	221.8

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (10)

FOREIGN BONDS (2)
Greek 6pc 1928 — Greek 4pc Mixed Ass. Stabisn. Ass.

BUILDINGS (1)
Warrington

CHEMICALS (1)
Hoechst

STORES (1)
House of Fraser

ENGINEERING (1)
Vosper

INDUSTRIALS (3)
Brooks Watson — James (M.) Inds. — Harris (Ph.)

PROPERTY (1)
Centrovincial

NEW LOWS (25)

BRITISH FUNDS (1)
Fdg. 5¼pc '87-91

BANKS (2)
Cater Ryder — Guinness Peat

BUILDINGS (1)
Jones (Edward)

STORES (1)
Sonic Sound

ELECTRICALS (1)
Hemokinetics

ENGINEERING (3)
Brooke Tool — Westland — Spencer Clark

INSURANCE (1)
Ennia UK 9pc Cnv.

LEISURE (2)
Fairline Boats — Norton & Wright

NEWSPAPERS (1)
Assoc. Newspapers

PAPER (1)
Melody Mills

SHIPPING (2)
Hunting Gibson — Ocean Transport

TRUSTS (1)
Dualvest Inc.

OIL & GAS (2)
KCA — Palliser Res.

RUBBERS (1)
Malay. Plantations

TEAS (1)
McLeod Russel

MINES (4)
Greenbushes — York Resources — Pancontinental — SPO Minerals

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	10	78
Corpns. Dom. & Foreign Bonds	2	10	58
Industrials	149	323	897
Financial & Props.	39	156	307
Oils	10	20	72
Plantations	5	4	14
Mines	57	30	81
Others	2	17	181
Totals	268	570	1,688

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
ACM	34	+4	Melody Mills	20	−8
BPB	286	−6	Plessey	361	−7
Cons. Gold Fields	532	+12	Racal Elec.	455	+7
Gaunt (Rowland)	63	+41	Runciman (W.)	125	−12
GEC	773	+5	Thorn EMI	458	+2
Linfood	152	+9	W. Mining	315	+24

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	12	768	−22	ICI	11	262	−4
Plessey	15	368	−8	Pilkington	11	318	−10
Berec	14	120	+27	Racal Elect.	11	448	−7
Bowater	12	250	−4	Brit. Aerospace	10	229	−12
Brit. Mohair	12	50	+5	Glaxo	10	410	−4
BICC	11	276	−10	RTZ	10	530	−2
Globe Inv.	11	156½	−1½	GUS "A"	9	463	−5

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	*Oct 2*	*Dec 17*	*Dec 28*
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Stocks favoured for the call included **Royal Bank of Scotland, Woodside, Bond Corp., Fairdale Textiles, "W" Ribbons, Dunlop, Yule Catto, North Kalgurli, Southern Pacific Petroleum, Berec, Tecalemit, Mohen, LCP** and ***Australian Consolidated Minerals***. Puts were taken out in **Premier Oil** and **Lasmo**, while doubles were completed in **Royal Bank of Scotland and Woodside**.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues., Sept. 8, 1981: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Sept. 7 Index No.	Fri. Sept. 4 Index No.	Thurs. Sept. 3 Index No.	Wed. Sept. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	364.69	—	10.07	4.25	12.19	364.80	371.54	378.92	378.41	291.19
2	Building Materials (25)	320.94	−0.1	14.44	5.33	7.86	321.20	326.78	333.72	333.09	254.89
3	Contracting, Construction (28)	583.71	−0.7	16.33	4.90	7.12	587.90	595.55	601.91	600.22	424.63
4	Electricals (30)	1203.08	—	7.50	2.30	16.63	1202.93	1228.57	1259.89	1257.91	892.48
5	Engineering Contractors (10)	500.45	−0.5	12.82	5.45	9.18	502.83	504.13	505.60	503.80	346.63
6	Mechanical Engineering (69)	207.84	−0.2	11.62	5.49	11.08	208.19	212.08	215.54	215.98	186.45
8	Metals and Metal Forming (13)	171.05	+1.7	9.30	6.95	14.11	168.26	170.37	174.03	173.75	167.33
9	Motors (21)	103.38	+0.7	1.65	6.69	—	102.64	104.29	106.49	106.56	102.24
10	Other Industrial Materials (18)	384.71	−0.3	9.35	5.22	12.82	385.89	393.90	399.11	397.57	0.00
21	CONSUMER GROUP (195)	286.52	—	11.96	5.60	10.34	286.41	288.31	293.60	292.29	252.34
22	Brewers and Distillers (20)	301.21	+0.7	14.84	6.40	8.10	299.16	301.41	308.77	309.28	295.21
25	Food Manufacturing (21)	271.79	−0.5	14.37	6.15	8.40	273.24	274.52	277.87	276.59	223.95
26	Food Retailing (14)	564.57	−0.4	8.71	3.14	13.70	566.64	562.94	572.90	568.06	398.00
27	Health and Household Products (7)	352.91	−1.2	7.85	4.17	15.22	357.21	360.13	363.73	361.20	237.33
29	Leisure (22)	447.87	−0.1	8.90	4.88	13.96	448.29	453.39	461.82	458.44	346.45
32	Newspapers, Publishing (12)	489.99	−0.9	12.62	6.04	11.34	494.41	501.07	508.89	511.37	433.23
33	Packaging and Paper (13)	147.83	+0.1	14.10	7.16	8.44	147.62	149.48	152.38	154.26	129.73
34	Stores (44)	266.74	+0.6	10.82	4.99	12.33	265.21	267.63	272.34	269.83	245.09
35	Textiles (23)	161.40	−0.3	7.23	5.66	19.87	161.96	163.88	166.35	165.57	119.72
36	Tobaccos (3)	261.24	+0.8	19.45	9.55	6.02	259.27	259.46	268.73	268.73	235.16
39	Other Consumer (16)	284.14	−0.3	4.29	5.94	59.65	285.04	285.68	289.85	291.18	0.00
41	OTHER GROUPS (79)	228.47	−0.1	11.18	6.27	11.37	228.77	231.86	236.55	235.24	229.12
42	Chemicals (15)	283.97	—	5.88	6.40	27.94	283.85	287.64	292.21	293.23	321.42
44	Office Equipment (5)	112.87	+0.3	15.16	7.57	7.96	112.54	114.35	117.98	115.69	185.53
45	Shipping and Transport (13)	521.37	−0.5	21.29	7.31	5.54	523.80	529.46	535.86	538.06	615.58
46	Miscellaneous (46)	305.25	−0.3	12.61	5.50	9.56	306.15	310.43	314.68	333.37	281.83
49	INDUSTRIAL GROUP (488)	304.87	—	11.14	5.16	11.11	304.89	308.55	314.30	313.40	261.82
51	Oils (12)	710.05	−0.3	20.43	8.11	5.54	712.29	706.81	711.12	719.06	806.63
59	500 SHARE INDEX	337.75	−0.1	12.68	5.65	9.52	337.94	340.90	346.55	346.34	305.05
61	FINANCIAL GROUP (119)	271.49	—	—	5.52	—	271.43	275.32	277.99	277.84	246.32
62	Banks (6)	277.22	+0.3	32.14	6.77	3.66	276.51	280.84	284.17	284.48	247.25
63	Discount Houses (10)	264.92	−0.2	—	8.51	—	265.46	267.38	267.38	268.51	296.99
64	Hire Purchase (3)	245.72	+0.4	12.46	7.52	11.11	244.79	253.24	255.27	255.27	224.91
65	Insurance (Life) (10)	286.08	−0.6	—	5.33	—	287.93	293.69	295.78	295.92	243.72
66	Insurance (Composite) (9)	178.88	—	—	7.38	—	178.84	182.56	184.92	184.38	176.82
67	Insurance Brokers (8)	432.97	+0.1	10.28	5.36	13.20	432.44	434.82	443.14	448.92	314.12
68	Merchant Banks (13)	167.50	−0.9	—	5.12	—	169.11	171.28	172.68	172.61	141.50
69	Property (50)	487.08	—	3.95	2.88	34.22	487.23	491.26	493.74	492.96	463.41
70	Miscellaneous (10)	182.41	+1.6	17.56	5.89	6.93	179.55	181.21	183.90	184.51	151.43
71	Investment Trusts (109)	316.99	−0.6	—	5.04	—	319.05	321.98	325.05	324.09	270.05
81	Mining Finance (3)	269.31	+2.0	13.07	5.07	9.01	264.09	264.93	272.65	272.33	251.98
91	Overseas Traders (19)	437.32	−0.2	10.66	6.80	11.96	438.23	416.40	417.35	422.69	434.40
99	ALL-SHARE INDEX (750)	324.82	—	—	5.60	—	324.91	327.64	332.53	332.37	293.54

FIXED INTEREST

	PRICE INDICES	Tues. Sept. 8	Day's change %	Mon. Sept. 7	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.79	−0.02	106.82	—	7.82
2	5-15 years	102.92	+0.02	102.96	0.07	8.72
3	Over 15 years	103.40	+0.01	103.39	—	10.34
4	Irredeemables	112.58	—	112.58	—	9.05
5	All Stocks	104.05	+0.00	104.07	0.02	8.88
6	Debentures & Loans	80.82	−0.10	80.90	—	7.67
7	Preference	62.16	−0.02	62.17	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Tues. Sept. 8	Mon. Sept. 7	Year ago (approx.)
	British Government				
1	Low	5 years	12.62	12.62	11.57
2	Coupons	15 years	13.38	13.39	11.57
3		25 years	13.63	13.64	11.57
4	Medium	5 years	14.85	14.82	12.84
5	Coupons	15 years	15.39	15.39	12.84
6		25 years	14.94	14.94	12.83
7	High	5 years	14.79	14.77	13.00
8	Coupons	15 years	15.56	15.56	13.32
9		25 years	15.17	15.17	13.00
10	Irredeemables†		13.21	13.21	11.17
11	Debs & Loans	5 years	16.00	16.01	14.25
12		15 years	16.03	16.02	14.09
13		25 years	16.06	16.03	13.99
14	Preference†		15.83	15.83	14.55

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd. 9.39 9.82 ..... 3.56
Clive Gilt Fd. (C.I.) 7.93 8.29 ..... 15.92
*Prices on September 3. Next dealing September 10.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 255.5 278.0 ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$9.37 — −0.25 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 86.9 87.0 ..... 15.52
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM33.47 35.15 −0.05 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Sept. 4 3.81 4.00 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	64.3	69.1	+0.5	2.09
Abbey Capital	91.5	25.1	-0.6	3.94
Abbey General	61.0	45.9	-0.4	4.65
Abbey Gilt & F.I. Tst.	95.9	101.0	-0.1	12.97
Abbey Income	38.0	41.1	-0.2	8.54
Abbey W'w. Bd. Tst.	100.0	+2.0	6.35	5.39
Abbey Inv. Ts. Fd.	56.4	60.0	-0.4	3.94
Equitas Prog. Tst.	88.2	95.3	-0.3	4.29

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	82.7	87.0	.....	13.25

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	94.0	100.6	-0.5	5.20
Brit. Inds. Fund	80.4	86.0	-0.7	5.05
Growth & Income	55.3	59.2	-0.4	4.52
Elect. & Ind. Dev.	49.2	52.2	-0.4	4.52
Allied Capital	105.8	113.2	-0.4	3.90
Hambro Fund	142.3	152.3	-0.4	5.27
Hambro Acc. Fund	202.2	216.4	-1.2	3.79

Income Funds

High Yield Fd.	67.6	72.3	-0.3	8.30
High Income	84.1	90.0	-0.3	7.11
Equity Income Fd.	48.8	52.2	-0.2	7.07
Govt. Secs.	23.7	24.9	.....	12.76

International Funds

International	38.7	41.4	+0.2	2.05
Japan Fund	31.1	33.3	+0.1	0.40
Pacific Fund	78.4	83.9	+0.2	1.24
Secs. Of America	87.3	93.4	+0.6	2.57

Specialist Funds

Smaller Co.'s Fd.	60.5	64.7	-0.3	3.62
2nd Smlr. Co's Fd.	75.3	80.6	-0.5	3.72
Recovery	29.6	31.7	-0.3	4.45
Met. Min. & C'dty.	69.5	74.4	+0.2	4.93
Overseas Earnings	80.7	86.4	-0.5	4.75

Exempt Funds

Income Exempt	53.8	56.5	-0.2	8.05
Far East Exempt	84.3	87.7	+0.2	1.28
Smaller Co. Exempt	101.3	106.4	-0.7	5.71
U.S.A. Exempt	136.5	141.9	+0.6	2.61

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	72.7	78.2	.....	5.16

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	163.0	173.0	.....	—
Leics & Gen. Fd.	55.5	58.5	.....	6.82

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	43.0	45.30	.....	2.40
Do. Accum.	55.30	58.20	.....	2.40

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital	36.4	39.6	.....	—
Commodity	89.6	97.4	.....	2.17
(Accumulation)	141.1	153.7	.....	2.17
(10% Withdrawal)	64.8	70.6	.....	2.17
Eastern & Internat'l	53.8	58.5	.....	1.00
(6% Withdrawal)	35.8	39.0	.....	1.00
Extra Income	83.7	91.7	-0.3	10.16
(Accumulation)	105.4	114.8	-0.4	10.16
Finance & Property	24.9	27.1	-1.4	3.51
Foreign	139.5	153.4	.....	1.00
Giants	49.4	53.8	-0.3	2.73
(Accumulation)	65.6	71.5	-0.4	2.73
Gilt & Fixed	37.2	39.1	.....	13.06
(Accumulation)	43.5	45.3	.....	13.06
Growth	42.6	46.4	-0.2	3.13
(Accumulation)	56.9	62.0	-0.3	3.13
High Income	35.0	38.1	-0.3	9.43
(Accumulation)	61.9	67.4	-0.7	9.43
(9.2% Withdrawal)	46.5	50.6	-0.5	9.43
High Yield	38.9	42.4	-0.1	11.28
(Accumulation)	73.1	79.6	-0.1	11.28
North American	35.8	39.0	.....	1.00
Preference	19.0	20.7	-0.5	14.86
(Accumulation)	39.7	43.2	-1.1	14.86

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.5	38.8	-0.2	11.72
North American	62.7	67.5	+0.3	2.41
Canadian Exempt*	77.3	81.4	-0.2	2.81
Canadian Trust	69.1	74.7	+0.6	2.37
Mid Mount High Inc.*	44.7	47.3	-1.1	10.18
Recovery	57.1	62.3	-0.2	6.87
Gilt Trust	39.2	41.1	.....	14.10

*Weekly dealing day Wednesday

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	44.1	47.4	+0.5	0.53
Cres. Internat'l.	94.3	101.3	+0.3	1.47
Cres. High. Dist.	44.5	48.0	-0.1	9.38
Cres. Reserves	53.5	57.7	-0.3	5.20
Cres. Tokyo	42.2	45.6	-0.2	0.27

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Ts.	23.1	24.8	-0.2	7.09

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug 27	262.8	280.2	.....	4.71

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9	.....	8.30
Gt. Winchester O'seas	30.8	34.2	.....	3.40

For Emson and Dudley see Robert Fraser Tst. Mgmnt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	97.0	102.1	-0.9	4.32

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4991

American	39.6	42.6	+0.7	0.99
Amer. Spec. Sits.	29.4	31.7	+0.5	0.04
Gilt & Fixed Int.	22.8	24.6	.....	13.98
Growth & Income	35.3	38.0	-0.1	5.62
Max. Inc. Eq. Tst.	30.1	32.4	.....	8.25
Special Sits.	42.2	45.4	-0.4	1.21

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	40.6	43.6	.....	1.28
Accum. Units	50.5	54.3	.....	1.28
J. Finlay High Income	38.3	41.2	.....	9.06
Finlay Wld. Energy	19.1	20.5	+0.1	1.30
Accum. Units	24.6	26.5	+0.2	1.30
J. Finlay Fd. In. Tst.	43.3	46.5	.....	4.47
Accum. Units	56.1	60.3	.....	4.47

Prices on Sept. 2. Next dealing Sept. 9.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	92.0	98.2	+0.8	0.91
Am. Turnaround	83.4	89.0	+0.8	1.64
(Accum. Units)	83.4	89.0	+0.8	1.64
Capital Tst.	68.2	72.8	-0.2	4.58
(Accum. Units)	72.0	77.0	-0.2	4.58
Convertible & Gilt	48.0	50.4	.....	10.08
(Accum. Units)	48.6	51.2	-0.2	10.08
Extra Income Trust	54.0	57.6	-0.2	8.75
Income Tst.	45.4	48.4	.....	6.62
Int. Growth Fd.	72.4	77.4	+0.6	1.21
(Accum. Units)	78.0	83.4	+0.6	1.21

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	81.5	87.7	.....	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	70.0	74.8	-0.6	4.04
Do. Accum.	102.2	109.3	-0.9	4.04

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Sept. 3	158.5	163.6	.....	4.32
Gross Inc. Sept. 3	81.7	84.0	.....	11.66
High Yield Sept. 3	97.8	99.6	.....	10.58

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	158.5	170.4	-6.8	2.60
Do. Acc.	205.5	220.9	-8.8	2.60
G.T. Inc. Fd. Un.	210.8	226.6	-3.6	8.00
G.T. U.S. & Gen.	227.5	244.7	+5.0	1.40
G.T. Wld. Bd. Fd.	100.7	108.0	+1.8	7.20
G.T. Japan & Gen.	131.0	140.8	+1.0	0.80
Gt. Pens. Ex. Fd.	390.0	410.5	-6.4	2.00
G.T. Int'l. Fund	269.8	290.1	-2.5	1.40
G.T. Far East & Gen.	108.4	116.6	-0.9	1.50
G.T. Tech. & Gth. Fd.	91.3	98.1	+1.3	0.50

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		126.5	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	113.0	118.9	.....	—
Accum. Pen. Units	177.4	186.4	.....	—
Flex. Inv. Growth	132.0	138.9	.....	—
Future Assd Growth	26.0(a)	54.0(b)	.....	—
Ret. Ass'd Pen.		£34.24	.....	—

OFFSHORE & OVERSEAS FUNDS

Adig Investment
Postfach 708, 8000 Munich 1, Telex 524269

Adirenta	DM18.86	18.60	+0.01	—
Adiverba	DM49.31	51.78	+0.01	—
Fondak	DM28.32	29.74	-0.02	—
Fondis	DM24.18	25.31	-0.05	—

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$169.9	171.8	.....	1.12

Next dealing Sept. 11.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$12.75	.....	—

Net asset value August 31

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.27	10.29	+0.02	16.07
AHR Gilt Edg. Fd.	£10.67	10.70	.....	13.25

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Distribution September 4/7 0.001804 (17.9% pa).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Dollar Income Tst.	US$0.978	1.034	.....	—
East Intl. & Energy	139.0	149.9	+0.1	—
Gov't Secs. Tst. (CI)	68.3	71.1	+0.1	15.15

Daily Dealings.

Sterling Fd.	129.1	129.2	.....	—

Dealing on Wed.

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Bearer Sfr. (Aug. 20)	9,700	10,200	.....

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$104.83	104.57	.....	9.09

Prices at Sept 3. Next sub. day Sept 9

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	119.6	128.8	.....	2.00

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

450	355	Lunuva £1	420	+5	21.0	1.3	7.1

Africa

65	57	Ruo Estates	57	......	41.0	4.3	2.6

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.7
41	14	ACM 20c	34	+4	—	—	—
21	11½	Argosy Gold NL 25c	12	......	—	—	—
229	137	Bond Corp.	172	......	Q12c	φ	3.6
112	76	Bougainville I Kina	104	+4	Q25.4c	1.6	‡
302	214	CRA 50c	223	+8	Q19c	1.7	4.9
25	14	Canada Northwest	14	......	—	—	—
35	15	Carr Boyd 20c	15	......	—	—	—
415	50	Central Pacific	52	+2	—	—	—
35	12	Cons. Gold Mc. NL 5c	12	......	—	—	—
47	20	Coltas Pacific N.L.	20	......	—	—	—
68	22	Eagle Corp. 20c	34	+4	—	—	—
40	26	Endeavour 20c	25#	......	—	—	—
500	310	G. M. Kalgoorlie 25c	405	+5	Q27½c	φ	4.1
25	8	Great Eastern	9	−1	—	—	—
185	120	Greenbushes Tin 50c	120	−5	Q5c	1.7	3.0
275	175	Hampton Areas 10p	190	+15	2.5	3.1	1.9
168	39	Haoma Gold N.L.	44	+1	—	—	—
85	22	Intl. Mining	22	......	—	—	—
118	29	Jimberlana (50cFP)	35	+4	—	—	—
15	10	Kalbara Min 20c	13	......	—	—	—
245	135	Kitchener N.L 25c	190	......	—	—	—
105	22	Leichardt Explo.	30	+5	—	—	—
430	275	Meekatharra	360	+10	—	—	—
70	47	Metals Ex. 50c	50	+2	Q3c	φ	3.7
38	20	Metana Mnz. 20cts.	23	......	—	—	—
20	10	Mid East Mins. NL	10½	......	—	—	—
290	190	M.I.M. Hldgs. 50c	250	+6	Q15c	φ	3.8
21	8½	Minefields Expl. 25c	9½	......	—	—	—
20	13	Newmetal 20c	16	......	—	—	—
69	41	Nickelore N.L.	51	+3	—	—	—
204	149	North B. Hill 50c	176	+1	Q18c	3.1	6.4
84	50	Nth. Kalgurli	75	......	—	—	—
200	94	Nth. Mining Corp.	176φ	......	←	—	—
122	36	N. West Mining N.L.	36	......	—	—	—
150	106	Oakbridge 50c	123	+3	Q6½c	φ	3.1
165	125	Otter N. L.	125	......	—	—	—
188	160	Pacific Copper	165	......	—	—	—
*423	146	Pancont'l 25c	155	−10	—	—	—
88	42	Paringa M&Ex. 5p	60	......	←	—	—
525	375	Peko-Wallsend 50c	425	+5	Q15c	—	2.3
43	24	Pelsart Res NL	28	......	—	—	—
120	65	Seltrust A	74	......	—	—	—
157	22	Southern Pacific	22	......	—	—	—
100	40	Swan Resources 20c	70	+10	—	—	—
320	135	Vulcan Mins 20c	155	......	—	—	—
13½	9½	West Coast 25c	12½	......	—	—	—
130	100	Westn. Cent 50c	115	+10	—	—	—
327	227	Westn. Mining 50c	315	+24	Q14c	φ	2.7
27	14	Westmex	25	......	—	—	—
76	46	Whim Creek 20c	54	......	—	—	—
101	43	York Resources	45	−2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9	......	‡6.0	—	—
300	220	Ayer Hitam SM1	220	......	‡Q25c	1.0	‡
210	98	Geevor	185	......	—	—	—
11	8	Gold & Base 12½p	10½	......	—	—	—
660	500	Gopeng Cons.	500	......	‡30.0	1.8	‡
450	330	Hongkong	330	......	21.0	φ	9.1
137	110	Idris 10p	112	......	‡7.0	0.8	‡
*29	6	Jantar 12½p	27xd	−2	‡1.5	φ	7.9
98	77	Kamunting SMO.50	77xd	......	Q27c	0.8	0.0
665	363	Killinghall SM1	523xd	......	‡Q46.7c	φ	2.9
124	88	Malay Dredging 10c	110	......	‡Q32c	0.9	7.7
68	30	Pahang	32	......	‡0.53	6.8	‡
128	90	Pengkalen 10p	105	......	3.5	0.6	4.8
380	310	Petaling SM1	310	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24	......	—	—	—
225	190	Sungei Besi SM1	190xd	......	Q510c	1.1	35.8
125	95	Supreme Corp. SM1	100	......	‡Q15c	φ	3.5
118	100	Tanjong 15p	100	......	3.5	3.7	5.0
90	67	Tongkah H. Tin 15m	67	......	Q23%	0.6	6.8
410	260	Tronoh SM1	260	......	Q110c	1.2	9.5

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	370	......	‡Q45c	4.7	7.0

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	90	Anglo-Dominion	95	+5	—	—	—
55	12	Barymin	12	......	—	—	—
25½	14	Burma Mines 10p	17	......	0.75	0.9	6.3
330	180	Colby Res. Corp.	225	......	—	—	—
310	200	Cons. Murch. 10c.	275	−5	‡Q30c	1.8	6.2
9½	6	††Explaura Gold	9½	......	—	—	—
98	55	††Hemerdon 10c.	62	......	—	—	—
180	95	Highwood Res.	95	......	—	—	—
505	300	Northgate C$1	350	......	—	—	—
633	372	R.T.Z.	548	+10	16.0	3.2	4.2
£128½	£93½	Do.5½%Cv.Ln.'95-2000	£130	+1	Q5½%	—	18.0
103	22	††SPQ Minerals 10p	22	−3	—	—	—
47	22	Sabina Inds. C$1	27	......	—	—	—
44	28	††SWCM 10p	31	−1	—	—	—
585	465	Tara Exptn. $1	570	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

φφ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ‡‡ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	46	......	**IRISH**		
Bertrams	10	......	Conv. 9% '80/82	£92⅝	......
Bdg'wtr. Est. 50p	465	......	Nat. 9¾% 84/89	£57⅞	......
Craig & Rose £1	£33	......	Fin. 13% 97/02	£73⅝xd	......
Finlay Pkg. 5p	22	......	Alliance Gas	65	......
Graig Ship. £1	621	−2	Arnott	225	......
Higsons Brew.	67	......	Carroll (P.J.)	73	......
Holt (Jos) 25p	529	......	Concrete Prods.	99	......
I.O.M. Stm. £1	167	−3	Heiton (Hldgs.)	29	......
Pearce (C. H.)	850	......	Irish Ropes	44	......
Peel Hldgs.	100	......	Jacob	64	......
Sheff. Refrshmt	92	......	T.M.G.	16½	......
Sindall (Wm.)	194	......	Unidare	75	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	28	Vickers	12
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	39	**Property**	
Barclays Bank	35	Legal & Gen.	23	Brit. Land	8
Beecham	19	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lots"	4½	MEPC	29
Bowater	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	28	Town & City	2¾
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	23	KCA	22
Dunlop	8½	Racal Elect.	33	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	23	Tricentrol	30
Gen. Accident	33	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	25	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	38		
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall	18	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday September 9 1981

Sale of BNOC expected in 1982

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is expected to offer private investors an immediate majority stake next year in the state-owned British National Oil Corporation (BNOC) in a bid to raise at least £750m for the Exchequer.

The sale of a minimum 51 per cent stake in the Government's biggest denationalisation move would also release BNOC from public sector borrowing requirement restrictions.

A draft parliamentary Bill is already circulating in Whitehall as the first step towards a sale. Legislation is expected to be introduced early in the next session of Parliament, possibly in November, so that the sale can be held in the autumn of 1982.

The Government has already stated that it will sell to the public only BNOC's exploration and production interests. The trading side of the business, which handles state participation crude and oil provided by companies to the Government in lieu of royalty tax payments, is being retained in state hands to safeguard national energy supply interests.

Although Ministers have not yet decided on the size of the share sale, it is felt within the corporation that the denationalisation process will be attempted in a single move.

The Government had originally considered offering the shares in stages because there was concern about the ability of the market to absorb one big issue. It is understood that the Treasury, anxious to raise as much money as possible from the sale, has been assured that a one-stage privatisation deal would be feasible.

But the Government, BNOC and their advisers, have yet to solve some basic problems. It is still not known how the sale can be structured so that both small investors and institutions are given an opportunity to invest in the corporation. Ministers—and many senior officials in BNOC—are keen to have a wide distribution of shares partly because it is felt this would thwart any future attempt to renationalise the oil undertaking.

The Opposition is expected to mount a big political campaign to frustrate the passage of a new Bill introducing private capital into BNOC. The original Bill—the Petroleum and Continental Shelf Bill—was dropped in March because of the pressures of the Government's legislative timetable.

Uncertainty still surrounds the structure of the "privatised" corporation and its relationship with the oil trading part of BNOC retained in Government hands. The two could be formally linked, through a common company, or kept completely separate.

Officials in BNOC are concerned that morale in the trading company would suffer if it was allowed to market only state participation crude, particularly if the denationalised exploration and production venture set up its own competitive marketing operation.

Unlike Lord Kearton, the first BNOC chairman, Mr Philip Shelbourne, the present chairman and chief executive, is actively co-operating with the Government in its bid to introduce private capital. Mr Shelbourne and other senior executives are concerned that, as a state corporation, BNOC would find its investment proposals constantly queried by the Treasury. The corporation has been already forced to delay the development of the Clyde Field to reduce public sector spending over the next two years.

BNOC is fast becoming one of the UK's most profitable state enterprises. Last year, the corporation made a pre-tax profit of £309m and by 1983 or 1984 it should be earning at least £500m annually.

Cable and Wireless reports slight rise in profits, Page 9

Council to sue union on cleaning contract bar

By John Lloyd and Brian Groom

THE 1980 Employment Act could face its biggest test yet in a trial of strength between the Conservative-controlled London Borough of Wandsworth, Council and the local branch of the National and Local Government Officers' Association.

Council leaders are preparing to sue an officer of the branch and to seek an injunction to prevent the union from carrying out its threat to "black" nationally companies which tender for a contract to clean the London borough's streets.

The council is likely to allege, if a court finds that there is a trade dispute, that Nalgo's threat amounts to secondary action. Under the 1980 Act unions no longer have immunity from civil suits if they pursue such action, unless it is against an first customer or first supplier in a dispute.

The Nalgo branch has said it will not call off the threatened action and is seeking the support of its national executive.

Nalgo has no members among the borough's 100 street cleaners, but is nationally opposed to privatisation. All the unions representing Wandsworth council workers have threatened industrial action if street cleaning is contracted out to the private sector.

Mr Christopher Chope, the council leader, is to recommend to the policy and finance committee tomorrow that proceedings be instituted against Ms Elizabeth Johnson, secretary of Wandsworth's Nalgo branch, who placed advertisements in civil engineering journals warning of the blacking.

Mr Chope says in his recommendation: "The borough solicitor has taken the opinion of counsel and advises that the action is not protected by the immunities given to trade unions and officials under the employment legislation."

The council claims that at least one company has been frightened off from tendering for the contract — which the borough has not yet decided to give to the private sector — because of the threat.

There have been about 24 requests for tender documents, and the tenders are due to be opened in the middle of this month. The unions are angry that the council has been inviting tenders while discussing a new productivity deal with its street cleaners.

Mr Colin Moore, chairman of Wandsworth's Nalgo branch, said that the branch knew that several companies had applied for the contract, though it did not know their names.

THE LEX COLUMN

Behind the upturn at Reckitt

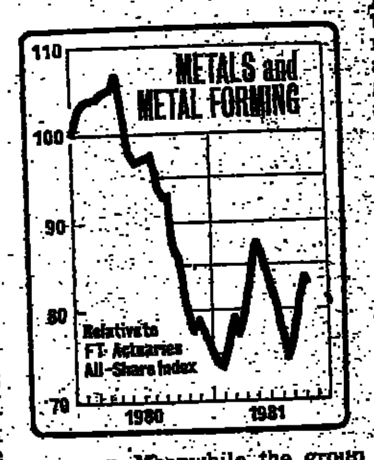
Reckitt and Colman was always going to show a big bounce in profits over the first half of 1980, when UK earnings were very depressed by retail destocking and the shares have recently been in demand. In the event a rise in pre-tax profits from £22.8m to £29.1m was judged disappointing and the shares came back 16p to 282p. Reckitt has had little help from the fall in sterling in the first half, since it uses average rather than end-of-period exchange rates and along with a strong performance in South Africa, most of the improvement is in the UK.

UK domestic pre-tax profits are up from £2.3m to £7.4m, helped by lower raw material prices (including bargain-basement packaging), lower interest rates, a steadier volume picture and the benefits of past rationalisation. A month-long strike at Hull seems to have inflicted little damage; if anything, it helped Reckitt's working capital control.

In the U.S. the core business has been brought back to profit but Reckitt has found yet another banana skin—this time it is a small leisure company, Sunset Designs, which has moved into loss and will be a drain in the second half as well.

All the same, Reckitt should make something of the order of £62m for the year, against £53.2m and the rise in UK earnings reduces the tax charge and should allow a decent rise in the final dividend. The shares yield a historic 4.5 per cent.

Index rose 3.4 to 551.3



Costain

Costain is pulling through the UK recession and a downturn in its Middle East business with surprising resilience. Thanks to a £2m improvement in Cazada, profits in the first year are up from £15.3m to £15.8m pre-tax on the basis of last December's exchange rates. At current exchange rates, profits for the full year could recover to £47m after 1980's £5.1m downturn to £42.6m.

Next year there will be a sizeable decline in dredging profits from the Middle East. But this should be offset by a rising stream of income from Costain's recent investment in UK property and Australian coal. There is more diversification to come. The group is currently discussing the possibility of a significant investment in a U.S. coal mining venture.

The hope is that by 1983 profits will start to move forward again, after a period of consolidation during which Middle East business has dropped from two-fifths to roughly one-fifth of turnover. Meanwhile the group has a strong and liquid balance sheet, with property investments representing nearly a third of its assets. The dividend is well covered in current cost terms, and a prospective yield of perhaps 6¾ per cent makes the shares look rather attractive at 235p.

Banking figures

Like their equally distorted predecessors, the August banking figures give the vague impression that things are going wrong. Even considering that some companies were borrowing to pay taxes late in the banking month, and that overdrafts were much cheaper than money market funds, an underlying rise of £2bn in clearing bank lending is disquieting.

As for the growth in sterling M3, it somehow works out at 1¼ per cent, a low enough number to satisfy the rather bemused gilt-edged market. But the Bank of England's statement omits, for the first time in the present target period to remark that adjusting for this and that, money supply growth is probably within the target range.

Officially, then, money supply growth is somewhere in outer space. And unless long queues start forming at Post Offices to buy the People's Bonds, the Government Broker will soon have to get some gilt-edged funding done.

Cable & Wireless

Cable and Wireless has completed its period in public ownership with a marginal rise in pre-tax profits from £61m to £62m. This confirms its position as a solidly profitable concern, though lacking any dynamic earnings growth given that its pre-tax profits (adding back supplementary depreciation) were £58m as far back as 1976-1977. Merchant bankers Kleinwort Benson, busy preparing the prospectus for the sale of just under half the equity to the public, will be recasting the raw financial material to take account of major changes in the group's structure, notably the sale of interests in its highly profitable Hong Kong and Bahrain operation. One objective, no doubt, will be to emphasise the scope for breaking out of the recent plateau.

The weakness of sterling, at least, will be helping C and W's figures in the current year, but there could be a step backwards in Hong Kong. Awkwardly, too, the setting up of these overseas branches as locally incorporated operations has triggered a demand for £68m of UK tax payable early in 1983. But in net cash terms C and W will be well in pocket from the £125m receivable from the Hong Kong and Bahrain deals, and a £84½m property revaluation has softened any balance sheet damage. Perhaps the group has more reliance on Hong Kong than it would like; but its shiny new 25-year licence does at least give a secure contractual basis for the Far Eastern orientation.

IMI

IMI's £27½m rights issue, en route to an unspecified U.S. takeover, looked curious enough when it was launched in March; in the light of yesterday's interim figures it looks amazing. Interim profits are down from £17.1m to £10.2m pre-tax, and there has been an underlying deterioration since the second half of 1980, when IMI made £11.1m after £2½m of redundancy costs. Even this does not tell the whole story, for the first half of 1981 had the benefit of some £2m in interest saving from lower rates and the use of the rights issue cash. Yet IMI is now tied into [illegible] a dividend costing s[illegible], including attribut[illegible]. This will be nowhere [illegible] by current cost [illegible], over which the company tactfully draws a veil at the interim stage.

There will doubtless be some pick-up in volume after the very sharp falls of the past year, but IMI faces fundamental problems in zip fasteners—still deep in loss — and parts of the valve business, where rationalisation is under way. The group has been riding high on titanium, but demand from the aerospace industry may be starting to wobble, and sales to the process plant industry are under pressure. At 63½p, up 3½p yesterday, the shares yield a shaky 10½ per cent.

Distortions in money supply data continue

By David Marsh

THE BANK OF ENGLAND has abandoned efforts to gauge whether the money supply is growing in line with Government targets. This reflects increasing distortions in 1981 monetary figures caused by the civil servants' dispute.

Sterling M3 rose by an estimated 1.25 per cent, seasonally adjusted, during the five-week banking month to mid-August, the Bank said yesterday.

This took the increase since the Government's latest 12-month target period began in February to 16.9 per cent at an annual rate, compared with the aim of a 6 to 10 per cent increase over the 12 months.

Until yesterday's figures were released the Bank had been sticking to its estimate that the underlying monetary position—after aking acocun of he civil servants' dispute—was in line with the official target.

But because of growing difficulties in analysing the effect of delayed taxes, as wel las other distortions in the banking system last month, the Bank has given up the atempt to judge whether money supply is on course.

City worries over rising bank lending were highlighted by publication of the monthly statement, yesterday, of the London clearers. This showed that their sterling lending to the private sector rose by £1.75bn in the August banking month, or more than £2bn after seasonal adjustment.

Much of this was due to companies raising funds to pay delayed taxes in the second half of the month, as well as a switch to overdraft finance away from money market borrowing caused by high market interest rates in August. But even after these distortions, underlying credit demand remained strong, especially from the personal sector for housing finance and consumer purchases.

The bank said central government borrowing was reduced by an overall £750m during the August banking month due to the civil servants' dispute.

This reflected increased borrowing of £1bn up to the end of July when the dispute finished, which was more than offset by a reflow of £1.75bn in delayed tax payments during the second half of the banking month.

About £4.5bn in delayed payments were still outstanding in mid-August. The Treasury expects collection to take several months.

Money supply tables, Page 22

Reagan begins talks on fresh batch of spending cuts

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan, back from his California holiday, began a series of meetings yesterday with his chief economic advisers to seek ways of meeting his goal of a balanced U.S. budget by 1984.

He hoped to finalise a major new batch of spending cuts, possibly totalling as much as $75bn (£41.25bn), at a full Cabinet meeting next Monday or Tuesday.

As the budget-cutting exercise got underway in Washington, the New York-based Conference Board predicted a budget deficit of between $57.5bn and $62.5bn for the 1982 fiscal year, which begins on October 1, up to $20bn more than the $42.5bn the Administration seeks.

The board, a prestigious private - sector forecasting organisation, said the idea that the 1982 budget was restrictive was a "mistaken notion." According to the board's calculations, the 1982 budget would pump $107bn into the economy, or 3.33 per cent of gross national product, against only $34.6bn, 1.25 per cent of GNP, in the current fiscal year.

White House officials said the main focus of the spending cuts under consideration would be on the budgets for the 1983 and 1984 fiscal years. But Mr Reagan was also looking at the 1982 budget, and it was possible that he would ask Congress, which has already cut an unprecedented $35bn from that, for further action there as well.

The White House is also understood to be looking at fresh ways of raising money to plug the deficit, such as raising excise taxes, in addition to spending cuts.

However, Mr David Gergen, the White House director of communications, said last night that it was unlikely that President Reagan would accept any recommendation to increase indirect taxes.

The White House stressed again yesterday that Mr Reagan remained determined to balance the 1984 budget.

Mr Reagan's first meeting yesterday was with Mr Donald Regan, the Treasury Secretary, Mr David Stockman, the Budget Director and Mr Murray Weidenbaum, the chairman of his Council of Economic Advisers and Vice President George Bush.

Later, Mr Caspar Weinberger, the Defence Secretary, was to be brought into the budget review, following Mr Reagan's recent acknowledgement that the cuts would have to extend to the hitherto sacrosanct area of defence spending if his overall budget objectives were to be achieved.

$1bn Saudi refinery deal awarded

BY RICHARD JOHNS, MIDDLE EAST EDITOR

A CONSORTIUM made up of Ralph M. Parsons of the U.S., Technip of France and Chiyoda of Japan has been awarded contracts worth more than $1bn (£550m) by Shell and Petromin, the Saudi state oil corporation, to set up their joint venture refinery at Jubail on the Gulf coast of Saudi Arabia.

The contracts were secured in the face of competition from two other multinational groups invited to tender by Shell just over a year ago. One was a consortium formed by Pullman Kellog, of the U.S., Japan Gasoline, of Japan, and Daelim of South Korea, and the other by Snamprogetti of Italy and Foster Wheeler of the U.S.

Ralph M. Parsons said in Passadena, California, that the value of the contracts was shared equally among the three companies, but could not say how the work would be divided.

The total value of the project is understood to be about $2bn. Badger and Fluor have been responsible for basic engineering and process design.

Earlier Technip said that the project is due to be completed in three years time. Shell, however, does not expect the project to be on stream before mid-1985.

The 250,000 barrels-a-day refinery — one of five planned by Petromin with foreign partners —will produce almost entirely for export.

It will have the capacity to produce annually 3m tons of naphtha, 6m tons of middle distillates, and 3.5m tons of fuel oil, which is to be marketed jointly by Shell and Petromin under a 50:50 partnership. The refinery will also yield 250,000 tons of benzine for locally based petrochemical industries.

In return for its investment Shell is to receive guaranteed supplies of oil rising from a rate of 12,000 b/d this year to one of just under 60,000 b/d from 1985.

Arrangements for financing the project have not yet been completed.

The plan was that Shell and Petromin would provide, in equal shares, 30 per cent equity, while borrowing 10 per cent commercially. The balance of 60 per cent was to have been in the form of credit at a nominal rate of interest by the Saudi Public Investment Fund.

The Saudi Government now appears to want to harden these generous terms, which provide one of the main attractions to its joint venture partners.

Ronson Products buyer found

BY JAMES McDONALD

PRICE WATERHOUSE, called in as receivers and managers of Ronson Products last month by Barclays Bank, has found a buyer for the business and its trading assets in Britain. It announced last night that a deal had been agreed with Cavwain, which it described as being in the Jeffrey Port group of companies.

The receivers, however, would give no more details of the purchaser nor reveal the sale price. In addition, Price Waterhouse warned that the sale "will not avoid the need for some further redundancies."

The receivers have already made half of the company's 1,250 workforce in Britain redundant at the main cigarette lighter factory in Leatherhead, Surrey, and at the electric shaver plant in West Chirton, Tyne and Wear, since being called in by the bank, which is owed £9m by Ronson.

A bare statement last night said: "The receivers understand that the purchaser proposes to use the manufacturing facilities and provide a service operation which are expected to provide future employment prospects not only at Leatherhead, Surrey, and West Chirton, Tyne and Wear, but also elsewhere."

Ronson Products is a subsidiary of the Ronson Corporation of the U.S., but the parent company has been unable to help its British offshoot.

In fact, the American parent is believed to have borrowed from Ronson Products. Last year, the British company made a £4m loss and the U.S. corporation lost $5.5m (£3.06m).

Ronson was the subject of three rescue attempts since 1979 encouraged by Barclays. The most recent, a joint attempt by Finance Corporation for Industry and Kleinwort Benson, the merchant bank, fell through in early August when the full extent of Ronson's losses became known.

Mr Jeffrey Port is chairman of Cavwain, of which little became known last night. A public relations organisation appointed last week to deal with inquiries about Cavwain's purchase of Ronson could shed little light on the company except to say it was a general trading company, which has a suite in Grosvenor House, Park Lane, in London's West End. "I hadn't heard of the company until last week," admitted an official for the organisation, who added: "Mr Port is out of the country at present."

The brief of the Price Waterhouse receivers and managers was to try to sell Ronson Products as a going concern. The major problem was to try to obtain a resumption of supplies to the factories. Although at one time over the past three weeks the receivers had talks with two potential buyers, by the end of last week only one serious bidder for the entire British operation remained.

Continued from Page 1

Foot

policy is, if they believe that the Labour leadership really means to carry that policy out when in office.

"That is why it is so important that we should all use our new democratic rights to choose a parliamentary leadership, leadership of the national executive committee and parliamentary candidates who want to implement the policies for jobs and peace and freedom agreed by the Labour Party and the TUC." That was the way to win the confidence of the British people.

Mr Scargill, reflecting the unhappiness of the Left with Mr Foot's speech, said: "I was sad and dismayed at the tenor of the contribution from the leader of our party. He defended incomes policy, which is against the basic aspirations of our rank and file members and of the Labour Party."

He also seemed to be defending policies which had cost Labour the last election and to be challenging ma[illegible] re-selection of MPs.

Marconi wins battle

Continued from Page One

Ray lightweight torpedo, which rose to over £900m.

It is likely that the talks to be held between the Ministry of Defence and Marconi will be tough, with the Ministry paring every penny off Marconi's estimates for continued research, development and production.

These discussions may take several weeks, and a formal contract with Marconi is not likely to be signed until much later this [illegible] being stressed in [illegible]terday that the defence committee would not have opted for the Marconi torpedo if it was not confident that Marconi could come up with a satisfactory financial deal.

The Government's decision was greeted with delight in the GEC-Marconi group.

General Sir Harry Tuzo, chairman of Marconi, said: "We are glad that the Government has decided in principle to give us this job to do. We mean to work flat out to give the Navy what they need."

At the New Parks, Leicester, factory of Marconi Radar, where 470 jobs were threatened, Mr Bill Cope, chairman of the joint unions committee, said that at least 250 would be saved, and the factory could become viable again.

The 470 received redundancy notices last month after the axe fell on radar projects in the Government defence cuts. Mr Cope said Marconi Radar would now be working on a sub-contract for Marconi Space and Defence as part of the torpedo contract.

Weather

UK TODAY

CLOUDY in many places, bright intervals, rain.

London, S.E., C., S. England, Channel Islands, N.E., N.W. Scotland, Orkney, Shetland.

Sunny or clear intervals, showers. Max. 21C. (70F.).

E., C., N., N.E. England, Midlands, E., W., Borders.

Cloudy, sunny intervals, some rain. Max. 19C. (66F.).

N. Wales, N.W. England, Borders, Ulster.

Cloudy, occasional rain. Max. 17C. (63F.).

Outlook: Rain spreading east, sunny intervals. Windy, cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†	F	19	66
Algiers	S	31	88	Luxmbg	C	21	70
Amsdm.	C	20	68	Luxor	S	39	102
Athens	F	26	79	Madrid	S	30	86
Bahrain		—	—	Majorca	S	29	84
Barclna.	F	26	79	Malaga	S	29	84
Beirut	S	30	86	Malta	F	25	77
Belfast	C	17	63	Mchstr.	C	17	63
Belgrd.	S	23	73	Melbne.	S	23	73
Berlin	F	25	77	Mx. C.†		—	—
Biarritz	C	21	70	Miami†	F	24	75
Bmghm.	C	22	72	Milan	S	25	77
Blackpl.	C	17	63	Montrl.†	C	19	66
Bordx.	F	22	72	Moscow	S	17	63
Boulgn.	C	18	64	Munich	F	24	75
Bristol	S	20	68	Nairobi		—	—
Brussels	C	21	70	Naples	S	26	79
Budpst.	S	24	75	Nassau		—	—
Cairo	S	33	91	Nwcstl.	C	20	68
Cardiff	F	19	66	N York†		—	—
Casbca.	F	26	79	Nice	F	24	75
Cape T.	C	15	59	Nicosia	S	30	86
Chicg.†		—	—	Oporto	F	25	77
Cologne	C	21	70	Oslo	F	18	64
Conhgn.	S	18	64	Paris	C	21	70
Corfu	F	23	73	Perth	C	15	59
Denver†	F	12	54	Prague	S	24	75
Dublin	F	18	64	Rykjvk.	C	7	45
Dbrvnk.	S	24	75	Rhodes	S	25	77
Ednbgh.	F	19	66	Rome	S	26	79
Faro	F	32	90	Salzbrg.	S	25	77
Florence		—	—	S'olscot	C	12	54
Frankft.	C	23	73	S. Mritz.		—	—
Funchal	C	24	75	Singapr.		—	—
Geneva	C	24	75	S'tiagot		—	—
Gibrltr.	S	26	79	Stckhm.	F	18	64
Glasg'w	C	17	63	Strsbg.	F	27	81
G'rnsey	F	18	64	Sydney	F	26	79
Helsinki	S	18	64	Tangier	S	29	84
H. Kong	C	27	81	Tel Aviv	S	29	84
Innsbrk.	C	24	75	Tenerife	F	28	82
Invrnss.	C	17	63	Tokyo	R	22	72
I.o Man	S	18	64	Tor'nto†	C	17	63
Istanbul	S	21	70	Tunis	S	27	81
Jersey	C	19	66	Valencia	S	28	82
Jo'burg	S	22	72	Venice	S	23	73
L. Plms.	F	26	79	Vienna	S	25	77
Lisbon	F	29	84	Warsaw	S	21	70
Locarno	S	23	73	Zurich	F	22	72
London	F	22	72				

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

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